
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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Board is set out on pages 1 to 9 of this circular.

A notice convening the EGM to be held at 11:00 a.m. on Thursday, 18 May 2023 at the Office Building of Rizhao Port Jurong Co., Ltd. is set out on pages EGM-1 to EGM-2 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.

27 April 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	ii
LETTER FROM THE BOARD	1
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	10
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	12
APPENDIX I – VALUATION REPORT	APP I-1
APPENDIX II – GENERAL INFORMATION	APP II-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“Board”	the board of Directors
“Bulk Grain Phase One and Two Silo Area Transfer Contract”	the land use right transfer contract dated 31 March 2023 entered into between Rizhao Port Group and the Company in relation to the transfer of the land use rights of bulk grain phase one and two silo area located at South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)
“Bulk Grain Phase Three Central Control Building Transfer Contract”	the land use right transfer contract dated 31 March 2023 entered into between Rizhao Port Group and the Company in relation to the transfer of the land use rights of bulk grain phase three central control building located at East of Beijing Road, South of Xinliang Road, Shijiu Street, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼街道北京路以東、新良路以南)
“Bulk Grain Phase Three No. 2 Electricity Substation Transfer Contract”	the land use right transfer contract dated 31 March 2023 entered into between Rizhao Port Group and the Company in relation to the transfer of the land use rights of bulk grain phase three no. 2 electricity substation located at East of Beijing Road, South of Xinliang Road, Shijiu Street, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼街道北京路以東、新良路以南)
“Bulk Grain Phase Two Maize Stevedoring Electricity Substation Transfer Contract”	the land use right transfer contract dated 31 March 2023 entered into between Rizhao Port Group and the Company in relation to the transfer of the land use rights of bulk grain phase two maize stevedoring electricity substation located at South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)
“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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“EGM”	an extraordinary general meeting or any adjournment thereof of the Company to be convened at 11:00 a.m. on Thursday, 18 May 2023 at the Office Building of Rizhao Port Jurong Co., Ltd. to consider and, if thought fit, approve the Land Use Right Transfer Contracts and the transactions contemplated thereunder
“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 Land Use Right Transfer Contracts and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to conduct Type 6 (advising on Corporate Finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Land Use Right Transfer Contracts and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Land Use Right Transfer Contracts and the transactions contemplated thereunder
“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
“JLL”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited

DEFINITIONS

“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
“Land Use Right Transfer Contracts”	collectively, the Bulk Grain Phase Two Maize Stevedoring Electricity Substation Transfer Contract, the Bulk Grain Phase One and Two Silo Area Transfer Contract, the Bulk Grain Phase Three No. 2 Electricity Substation Transfer Contract, the Bulk Grain Phase Three Central Control Building Transfer Contract, the No. 1 Warehouse Transfer Contract and the Woodchip Stacking Yard Fire Pump Room Transfer Contract
“Latest Practicable Date”	17 April 2023, 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
“No. 1 Warehouse Transfer Contract”	the land use right transfer contract dated 31 March 2023 entered into between Rizhao Port Group and the Company in relation to the transfer of the land use rights of no. 1 warehouse located at South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)
“Notice of EGM”	a notice convening the EGM set out on pages EGM-1 to EGM-2 of this circular
“PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan)

DEFINITIONS

“Properties”	the no. 1 warehouse, the woodchip stacking yard fire pump room, the bulk grain phase two maize stevedoring electricity substation and the bulk grain phase one and two silo area which are located at South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東) and the bulk grain phase three no. 2 electricity substation and the bulk grain phase three central control building located at East of Beijing Road, South of Xinliang Road, Shijiu Street, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼街道北京路以東、新良路以南)
“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司), a joint stock company established in the PRC with limited liability whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600017), and a controlling shareholder of the Company
“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 established in the 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 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)”	the holder(s) of the Share(s)
“sq. m.”	square meter
“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

DEFINITIONS

“Woodchip Stacking Yard Fire Pump Room Transfer Contract”	the land use right transfer contract dated 31 March 2023 entered into between Rizhao Port Group and the Company in relation to the transfer of the land use rights of woodchip stacking yard fire pump room located at South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)
“%”	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. SEOW Kok Leong Terence
Mr. NYAN Ming Ren Francis
Mr. FANG Lei
Mr. CHEN Lei

Executive Director:

Mr. QIN Yuning

Independent Non-executive Directors:

Mr. ZHANG Zixue
Mr. WU Xibin
Mr. LEE Man Tai

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

27 April 2023

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 31 March 2023 in relation to, among other things, the entering into of the Land Use Right Transfer Contracts and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) details of the Land Use Right Transfer Contracts; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Land Use Right Transfer Contracts and the transactions contemplated thereunder; (iii) the recommendation of the Independent Board Committee regarding the Land Use Right Transfer Contracts and the transactions contemplated thereunder; (iv) property valuation report of the Properties prepared by JLL; (v) general information of the Company; and (vi) a notice for convening the EGM.

2. LAND USE RIGHT TRANSFER CONTRACTS

On 31 March 2023 (after trading hours), the Company entered into the Land Use Right Transfer Contracts with Rizhao Port Group, pursuant to which Rizhao Port Group agreed to transfer the land use rights of the Properties to the Company at an aggregate consideration of RMB107,850,000, subject to the approval by the Independent Shareholders at the EGM. The principal terms of the Land Use Right Transfer Contracts are set out as follows:

(a) No. 1 Warehouse Transfer Contract

Date:	31 March 2023
Parties:	(a) Rizhao Port Group, as the transferor; and (b) the Company, as the transferee.
Property location:	South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)
Site area:	10,555.40 sq. m.
Term of use:	31 March 2023 to 28 August 2057
Land use:	Port terminal
Consideration:	RMB8,090,000

LETTER FROM THE BOARD

(b) Woodchip Stacking Yard Fire Pump Room Transfer Contract

Date: 31 March 2023

Parties: (a) Rizhao Port Group, as the transferor; and
(b) the Company, as the transferee.

Property location: South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)

Site area: 3,757.14 sq. m.

Term of use: 31 March 2023 to 28 August 2057

Land use: Port terminal

Consideration: RMB2,880,000

(c) Bulk Grain Phase Two Maize Stevedoring Electricity Substation Transfer Contract

Date: 31 March 2023

Parties: (a) Rizhao Port Group, as the transferor; and
(b) the Company, as the transferee.

Property location: South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)

Site area: 694.13 sq. m.

Term of use: 31 March 2023 to 28 August 2057

Land use: Port terminal

Consideration: RMB530,000

LETTER FROM THE BOARD

(d) **Bulk Grain Phase One and Two Silo Area Transfer Contract**

Date: 31 March 2023

Parties: (a) Rizhao Port Group, as the transferor; and
(b) the Company, as the transferee.

Property location: South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)

Site area: 121,055.73 sq. m.

Term of use: 31 March 2023 to 28 August 2057

Land use: Port terminal

Consideration: RMB92,770,000

(e) **Bulk Grain Phase Three No. 2 Electricity Substation Transfer Contract**

Date: 31 March 2023

Parties: (a) Rizhao Port Group, as the transferor; and
(b) the Company, as the transferee.

Property location: East of Beijing Road, South of Xinliang Road, Shijiu Street, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼街道北京路以東、新良路以南)

Site area: 725 sq. m.

Term of use: 31 March 2023 to 28 August 2053

Land use: Industrial

Consideration: RMB440,000

LETTER FROM THE BOARD

(f) Bulk Grain Phase Three Central Control Building Transfer Contract

Date:	31 March 2023
Parties:	(a) Rizhao Port Group, as the transferor; and (b) the Company, as the transferee.
Property location:	East of Beijing Road, South of Xinliang Road, Shijiu Street, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼街道北京路以東、新良路以南)
Site area:	5,155.36 sq. m.
Term of use:	31 March 2023 to 28 August 2053
Land use:	Industrial
Consideration:	RMB3,140,000

Payment terms and basis of determination of the consideration

The aggregate consideration for the transfer of land use rights of the Properties is RMB107,850,000 which was determined by the parties after arm's length negotiations with reference to the appraised market value of the Properties as at 31 January 2023 of RMB107,850,000 conducted by JLL, an independent property valuer, on a market value basis using comparison approach. The aggregate consideration for the transfer of land use rights of the Properties shall be paid by the Company in cash within one month from the date on which the Land Use Right Transfer Contracts take effect and it will be financed by internal resources of the Company, bank facilities or a combination of both.

Conditions Precedent

The Land Use Right Transfer Contracts shall take effect upon the satisfaction of the following conditions precedent:

- (i) the approval by the board of directors of both parties in respect of the Land Use Right Transfer Contracts and the transactions contemplated thereunder in accordance with the articles of association; and
- (ii) the approval by the independent shareholders of the Company in respect of the Land Use Right Transfer Contracts and the transactions contemplated thereunder at an extraordinary general meeting of the Company.

LETTER FROM THE BOARD

Completion

Rizhao Port Group and the Company shall, within 30 days after the Land Use Right Transfer Contracts take effect, submit the necessary documents to the land administrative department for approval of the transfer of the land use right of the Properties. Upon obtaining approval by the land administrative department, the Company shall obtain the land use certificates of the Properties and the rights and obligations of the Properties and the buildings and other attachments erected thereon shall be transferred to the Company.

3. 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 Co., Ltd. (山東省港口集團有限公司), which is a state-owned enterprise ultimately controlled by Shandong SASAC.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE LAND USE RIGHT TRANSFER CONTRACTS

The Properties are currently leased by the Company from Rizhao Port Group and as at the Latest Practicable Date, there were three central control buildings, three electricity substations, a warehouse, a fire pump room and various structures being erected on the Properties. In order to further enhance the operation level of the Company, the Company intends to acquire part of the land assets of Rizhao Port Group, for the purpose of meeting the property and real estate management needs of the Company, enhancing its asset integrity and effectively reducing property leasing costs, which will be conducive to the long-term development of the Company and in the interests of the Company and the Shareholders as a whole.

The terms of the Land Use Right Transfer Contracts have been arrived at after arm's length negotiations between the parties. The Directors (excluding all the independent non-executive Directors who will give their opinion based on the recommendations from the Independent Financial Adviser) have confirmed that the transactions contemplated the Land Use Right Transfer Contracts 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.

LETTER FROM THE BOARD

None of the Directors has any material interest in the Land Use Right Transfer Contracts and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Land Use Right Transfer Contracts and the transactions contemplated thereunder.

5. LISTING RULES IMPLICATIONS

Rizhao Port Group is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Therefore, the entering into of the Land Use Right Transfer Contracts and the transactions contemplated thereunder constitute 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 transactions contemplated under the Land Use Right Transfer Contracts is higher than 5% but below 25% and the aggregate consideration is more than HK\$10,000,000, the entering into of the Land Use Right Transfer Contracts and the transactions contemplated thereunder also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to reporting, announcement and independent shareholders' approval requirements.

6. EGM

The EGM will be held at 11:00 a.m. on Thursday, 18 May 2023 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 EGM-1 to EGM-2 of this circular.

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 all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Land Use Right Transfer Contracts and the transactions contemplated thereunder 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.

LETTER FROM THE BOARD

The Independent Financial Adviser, Gram Capital, 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 Land Use Right Transfer Contracts and the transactions contemplated thereunder 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 Land Use Right Transfer Contracts and the transactions contemplated thereunder at the EGM.

7. CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of H Shares who will be entitled to attend the EGM, the register of members of the Company will be closed from Friday, 12 May 2023 to Thursday, 18 May 2023 (both days inclusive), during which period no transfer of H Shares will be registered. In order for the holders of H Shares to qualify for attending the EGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Thursday, 11 May 2023.

8. 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/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his/her Shares to a third party, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

9. 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 the Land Use Right Transfer Contracts and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the resolutions for approving the Land Use Right Transfer Contracts and the transactions contemplated thereunder.

10. FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 10 to 11 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 12 to 21 of this circular, the additional information as set out in the appendices to this circular and the Notice of EGM.

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



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

(Stock Code: 6117)

27 April 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES**

We refer to the circular dated 27 April 2023 (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 Land Use Right Transfer Contracts and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Land Use Right Transfer Contracts and the transactions contemplated thereunder 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 12 to 21 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 Land Use Right Transfer Contracts and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Land Use Right Transfer Contracts and the transactions contemplated thereunder, 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 the Land Use Right Transfer Contracts and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions at the EGM so as to approve the Land Use Right Transfer Contracts and the transactions contemplated thereunder.

Yours 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 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

27 April 2023

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Land Use Right Transfer Contracts and the transactions contemplated thereunder (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 27 April 2023 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 31 March 2023 (after trading hours), the Company entered into the Land Use Right Transfer Contracts with Rizhao Port Group, pursuant to which Rizhao Port Group agreed to transfer the land use rights of the Properties to the Company at an aggregate consideration of RMB107,850,000, subject to the approval by the Independent Shareholders at the EGM.

With reference to the Board Letter, the Transactions, in aggregate, constitute discloseable and connected transactions of the Company and are subject to the reporting, announcement and independent shareholders’ approval requirements for continuing connected transactions under Chapters 14 and 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 Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the 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 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 (i) continuing connected transactions (details of which are set out in the Company's circular dated 23 April 2021); (ii) continuing connected transactions (details of which are set out in the Company's circular dated 15 January 2022); (iii) major and continuing connected transactions (details of which are set out in the Company's circular dated 5 December 2022); (iv) continuing connected transactions, discloseable and connected transaction (details of which are set out in the Company's circular dated 12 December 2022); (v) continuing connected transactions (details of which are set out in the Company's circular dated 20 January 2023); and (vi) a major and connected transaction (details of which are set out in the Company's announcement dated 31 March 2023). Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, 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.

Besides, apart from the advisory fee and expenses payable to us in connection with this engagement as the Independent Financial Adviser, there is no arrangement whereby we shall be entitled to receive any other fees or benefits from the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 engagements will not affect our independence to act as the Independent Financial Adviser due to the fact that (a) we were appointed as independent financial adviser to advise the Independent Board Committee and the then independent Shareholders and the aforesaid engagements did not fall into any circumstances as set out under the Rule 13.84 of the Listing Rules, therefore we maintained our independence from the Company during the aforesaid engagements; and (b) the advisory fee of the aforesaid engagements paid by the Company to us accounted for an insignificant portion of our revenue for the relevant period, 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 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 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.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company or the Properties and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report of the Properties by JLL (the "**Valuation Report**"), summary of which is set out in Appendix I to the Circular. Since we are not experts in the valuation of assets or businesses, we have relied solely upon the valuations of the Properties (the "**Valuation**") as at 31 January 2023.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

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 Rizhao Port Group

The counterparty to the Land Use Right Transfer Contracts is Rizhao Port Group.

With reference to the Board Letter, 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 Co., Ltd. (山東省港口集團有限公司), which is a state-owned enterprise ultimately controlled by Shandong SASAC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on the Properties

Set out below are the details of the Properties:

Location	Site area (sq.m.)	Usage	Expiry Date
South of Shanghai Road, east of Haibin 5th Road	10,555.40	Port terminal	28 August 2057
	694.13	Port terminal	28 August 2057
	3,757.14	Port terminal	28 August 2057
	121,055.73	Port terminal	28 August 2057
East of Beijing Road, south of Xinliang Road, Shijiu Street	5,155.36	Industrial	28 August 2053
	<u>725.00</u>	Industrial	28 August 2053
Total:	<u><u>141,942.76</u></u>		

As advised by the Directors, all the Properties are currently being leased by Rizhao Port Group to the Company with annual rental fee of approximately RMB45 per sq.m. to RMB50 per sq.m. As at the Latest Practicable Date, there were three central control buildings, three electricity substations, a warehouse, a fire pump room and various structures being erected on the Properties (collectively, the “**Properties Erected on Lands**”). The Company owns the Properties Erected on Lands.

Reasons for and benefits of the Transactions

With reference to the Board Letter, in order to further enhance the operation level of the Company, the Company intends to acquire part of the land assets of Rizhao Port Group, for the purpose of meeting the property and real estate management needs of the Company, enhancing its asset integrity and effectively reducing property leasing costs, which will be conducive to the long-term development of the Company and in the interests of the Company and the Shareholders as a whole.

As advised by the Directors, as the Company owns the Properties Erected on Lands, a longer duration of the using of Properties will be more beneficial to the Company as such arrangement may allow the Company to avoid unnecessary relocation cost, declaration cost and/or reconstruction cost. The risk of not leasing the Properties to the Company will mitigate by owning the Properties instead of leasing the Properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, the Directors advised us that the Company will save costs after the purchase of the Properties. For our due diligence purpose, we obtained lease contracts of the Properties and acknowledged the current rental fees. Assuming (i) the Company can lease the Properties from Rizhao Port Group until the expiry date of land use rights of the Properties; and (ii) the rental fees remain unchanged during the term of lease, the total rental cost would be approximately RMB218.10 million (without taking into account the cost of timing) or approximately RMB179.65 million (i.e. the present value of total rental cost assuming the discount rate being the agreed deposit rate (協定存款利率) offered by group finance company to the Company) or approximately RMB137.76 million (i.e. the present value of total rental cost assuming the discount rate being the yield of 10-year PRC government bond as announced on 31 March 2023 (i.e. date of the Land Use Right Transfer Contracts)). The aforesaid implied costs are higher than the aggregate consideration of the Properties of approximately RMB107.85 million.

Having considered the above factors, we consider that the 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 Transactions

Summarised below are the major terms of the Transactions, details of which are set out under the section headed “LAND USE RIGHT TRANSFER CONTRACTS” of the Board Letter:

		Woodchip Stacking Yard Fire Pump Room Transfer Contract	Bulk Grain Phase Two Maize Stevedoring Electricity Substation Transfer Contract	Bulk Grain Phase One and Two Silo Area Transfer Contract	Bulk Grain Phase Three No. 2 Electricity Substation Transfer Contract	Bulk Grain Phase Three Central Control Building Transfer Contract
Date:	31 March 2023					
Parties:	(a) Rizhao Port Group, as the transferor; and (b) the Company, as the transferee.					
Property location:	South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)	South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)	South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)	South of Shanghai Road, east of Haibin 5th Road, Rizhao City, Shandong Province, the PRC (中國山東省日照市上海路以南、海濱五路以東)	East of Beijing Road, South of Xinliang Road, Shijiu Street, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼街道北京路以東、新良路以南)	East of Beijing Road, South of Xinliang Road, Shijiu Street, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼街道北京路以東、新良路以南)
Site area:	10,555.40 sq.m.	3,757.14 sq. m.	694.13 sq. m.	121,055.73 sq.m.	725 sq. m.	5,155.36 sq. m.
Term of use:	31 March 2023 to 28 August 2057	31 March 2023 to 28 August 2053	31 March 2023 to 28 August 2053			
Consideration:	RMB8,090,000	RMB2,880,000	RMB530,000	RMB92,770,000	RMB440,000	RMB3,140,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Payment terms and basis of determination of the consideration

The aggregate consideration for the transfer of land use rights of the Properties is RMB107,850,000, which was determined by the parties after arm's length negotiations with reference to the appraised market value of the Properties as at 31 January 2023 of RMB107,850,000 conducted by JLL on a market value basis using comparison approach.

The aggregate consideration for the transfer of land use rights of the Properties shall be payable by the Company in cash within one month from the date on which the Land Use Right Transfer Contracts take effect and it will be financed by internal resources of the Company, bank facilities or a combination of both.

Valuation of the Properties

To assess the fairness and reasonableness of the Properties, we obtained the Valuation Report which was prepared by JLL and noted that the consideration of RMB107.85 million is same as the Valuation of the Properties.

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of JLL with the Company; (ii) JLL's qualification in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by JLL for conducting the Valuation Report. From the mandate letter and other relevant information (i.e. JLL's company brochure, JLL's track records and signatory's qualification) provided by JLL, we were satisfied with the terms of engagement of JLL as well as their qualification for preparation of the Valuation Report. JLL also confirmed that they are independent to the Company and Rizhao Port Group.

The Valuation Report was prepared by JLL by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable market transactions as available in the relevant market. As advised by JLL, the aforesaid approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

We also discussed with JLL and understood that JLL considered all of the appraisal approaches (i.e., comparison approach, income approach, costs approach and hypothetical development approach). JLL, after considering various factors (e.g. hypothetical development approach is not applicable as the Properties have been developed for a long time and the land use right did not operate independently; cost approach is not applicable as the costs may not reflect the value of the Properties as their costs of levy, compensation, development of ancillary facilities and taxes were affected by the guidance of policy; income approach is not applicable as the net income attributable to the Properties is difficult to be accurately estimated), adopted comparison approach.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above and that based on our independent research (there were adoptions of comparison approach for the valuation of land according to valuation reports contained in Hong Kong listed companies' circulars), we consider the adoption of comparison approach under the Valuation Report, which is a commonly adopted valuation approach for the valuation of land, is reasonable.

We further reviewed and enquired into JLL on the methodology adopted and the basis and assumptions adopted in the Valuation Report in order for us to understand the Valuation. During our discussion with JLL, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the Valuation Report.

As advised by JLL, JLL selected market comparables (the “**Comparables**”) for the Valuation Report based on, (i) the transaction date of the comparable lands should be within two years; (ii) the usage of the comparable lands should be similar use (i.e. industrial use or port terminal); and; (iii) the comparable lands should be connected with road and the supply of water and electricity and with land levelling. We understood from JLL that the Comparables for the purpose of the Valuation are exhaustive and representative. For our due diligence purpose, we also obtained information of the Comparables, such as location, usage, time, site area, etc.

We further noted that JLL made certain adjustments on the unit price of the comparable land based on the comparable land transaction date, the valuation date, site area, usage and other characters between the comparable lands and the Properties. For our due diligence purpose, we enquired JLL the adjustment mechanism and noted the followings:

- There was no adjustment being made according to certain characteristics of the comparable lands, i.e. time, transaction nature, land parcels of industrial use. We noted from the Valuation Report that the aforesaid certain characteristics of the comparable lands and the Properties were similar. Therefore, we consider it is justifiable for the Valuer not to make adjustment according to the aforesaid characteristics.
- The Valuer made adjustments according to remaining land use rights term, usage, location and accessibility, and site area of the comparable lands.

We noted that factors adopted in the adjustment according to remaining land use rights term comprised (i) the remaining land use rights term of the comparable lands and the Properties; and (ii) land restoration interest rate (土地還原利率), which equals to the land restoration interest rate as published by日照市自然資源和規劃局(Rizhao Natural Resources and Planning Bureau*).

In arriving at the value of land parcels for port terminal use, the Valuer adopted an upward adjustment of 20% on the market value of industrial land parcels. The aforesaid adjustment factor was the same as the adjustment factor for land parcels of port terminal based on industrial land parcels as published by日照市自然資源和規劃局(Rizhao Natural Resources and Planning Bureau*).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The valuer adopted adjustment on location and accessibility of the comparable lands. As advised by the Valuer, the Properties had a better assessment on traffic networks and there were also transportation facilities in the port area (where the Properties locate). Therefore, the location and accessibility of the comparable lands were deemed as inferior to that of the Properties. As the site area of the comparable lands was different from that of the Properties, the Valuer also made adjustment on unit price of the comparable lands based on their respective site area and the Properties' site area.

Having considered the above, in particular, (i) the coefficient factor adopted for the remaining land use rights term adjustment was based on their respective remaining land use rights term and the land restoration interest rate (a rate as published by governmental department); (ii) land usage adjustment was made reference to the adjusted factor as published by government department; (iii) the location and accessibility adjustment was made as the results of location and accessibility of the comparable lands being deemed as inferior to that of the Properties; and (iv) site area adjustment was made due to the different site areas of the comparable lands and the Properties, we consider it is justifiable for the Valuer to make such adjustment according to the aforesaid characteristic.

The valuations of the Properties were calculated by adjusted unit prices and site area of the Properties.

Taking into account the above, in particular that the consideration for acquisition of each of the Properties is the same as the market value of each of the Properties, we consider that the aggregate considerations for the Transactions are fair and reasonable.

Completion

Rizhao Port Group and the Company shall, within 30 days after the Land Use Right Transfer Contracts take effect, submit the necessary documents to the land administrative department for approval of the transfer of the land use right of the Properties. Upon obtaining approval by the land administrative department, the Company shall obtain the land use certificates of the Properties and the rights and obligations of the Properties and the buildings and other attachments erected thereon shall be transferred to the Company.

Our conclusion

Having reviewed and considered the terms of the Land Use Right Transfer Contracts in particular the key terms as listed above (including the aggregated considerations being fair and reasonable; and no abnormal term observed), we are of the view that the terms of the Transactions are on normal commercial terms and are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial effect of the Transactions

As advised by the Directors, as the Company is expected to finance the consideration by internal resources of the Company, bank facilities or a combination of both. As such, there would not be any material change in the Company's total assets and the net assets as a result of the Transactions.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and 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 resolution(s) to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) 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*

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 January 2023 of the property interest to be acquired by the Company.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

27 April 2023

The Board of Directors
Rizhao Port Jurong Co., Ltd.
The southern side of Haibin 5th Road
Rizhao City
Shandong Province
The PRC

Dear Sirs,

Pursuant to six land use rights transfer contracts entered into between Rizhao Port Jurong Co.,Ltd. (the “**Company**”) and Shandong Port Rizhao Port Group Co., Ltd. (“**Rizhao Port Group**”, the controlling shareholder of the Company), Rizhao Port Group as the seller has agreed to transfer, and the Company as the buyer has agreed to buy, the land use rights of six parcels of land (“**the property**”) which is situated in Donggang District in Rizhao City, Shandong Province, the People’s Republic of China (the “**PRC**”).

Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**” or “**we**”) are instructed by the Company to provide valuation service on the property for disclosure purpose. In accordance with your instructions, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 31 January 2023 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable market transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and Rizhao Port Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificate (Land) and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisors – Shandong Shunming Lawyer Office, concerning the validity of the property interest in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Rizhao Port Group. We have also sought confirmation from the Company and Rizhao Port Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 21 February 2023 by Sally Zhao who is a China Certified Real Estate Appraiser and has more than 5 years' experience in the valuation of properties in the PRC.

All monetary figures stated in this report are in Renminbi (**RMB**).

The valuation certificate is attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS RPS (GP)

Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 29 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

The Property interest held by Rizhao Port Group and to be acquired by the Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market value
			on clear site state as at the valuation date <i>RMB</i>
4 parcels of land located at south of Shanghai Road, east of Haibin 5th Road and 2 parcels of land located at east of Beijing Road, south of Xinliang Road, Shijiu Street Donggang District Rizhao City Shandong Province The PRC	<p>The property is located in Donggang District. The locality is near the Rizhao Port and is well served by public transportation network.</p> <p>The property comprises 6 parcels of land with a total site area of approximately 141,942.76 sq.m.</p> <p>As at the valuation date, some ancillary buildings and facilities were erected on the property. As advised by the Company, these buildings and facilities were constructed by the Company and we are instructed to exclude them in the scope of our valuation.</p> <p>The land use rights of the property have been granted for terms expiring on 28 August 2057 for port terminal use and 28 August 2053 for industrial use.</p>	As at the valuation date, the property was leased and occupied by the Company for production, storage and port purposes.	107,850,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate dated 19 August 2008 – Ri Guo Yong (2008) Di No. 6446, the land use rights of a parcel of land with a site area of approximately 433,755.20 sq.m. have been granted to Rizhao Port Group for a term of 50 years expiring on 28 August 2057 for port terminal use.
2. Pursuant to a State-owned Land Use Rights Certificate dated 20 August 2008 – Ri Guo Yong (2008) Di No. 6450, the land use rights of a parcel of land with a site area of approximately 165,070.10 sq.m. have been granted to Rizhao Port Group for a term of 50 years expiring on 28 August 2057 for port terminal use.
3. Pursuant to a Real Estate Title Certificate (for land) dated 22 June 2020 – Lu (2020) Ri Zhao Shi Bu Dong Chan Quan Di No. 0052540, the land use rights of a parcel of land with a site area of approximately 485,972.57 sq.m. have been granted to Rizhao Port Group for a term of 50 years expiring on 28 August 2053 for industrial use.

4. In accordance with six pieces of Land Division Chart and as advised by the Company, the subject 6 parcels of land of the property are carved out from the above-mentioned land parcels (notes 1 to 3), details of which are set out as below:

State-owned Land Use Rights Certificate	Site area (sq.m.)	Usage	Expiry Date
Ri Guo Yong (2008) Di No. 6446	10,555.40	port terminal	28 August 2057
	694.13	port terminal	28 August 2057
	3,757.14	port terminal	28 August 2057
Ri Guo Yong (2008) Di No. 6450	121,055.73	port terminal	28 August 2057
Lu (2020) Ri Zhao Shi Bu Dong Chan Quan Di No. 0052540	5,155.36	industrial	28 August 2053
	725.00	industrial	28 August 2053
Total:	141,942.76		

5. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 40.5 hectares was leased by the Company for a term expiring on 31 March 2031 for port terminal use. As at the valuation date, the total annual rent was RMB18,225,000, inclusive of VAT. The leased site area includes portions of the property with a total site area of approximately 136,062.40 sq.m.
6. Pursuant to a Tenancy Agreement, a parcel of land with a site area of approximately 120.43 mu was leased by the Company for a term expiring on 31 May 2032 for industrial use. As at the valuation date, the total annual rent was RMB3,974,190, inclusive of VAT. The leased site area includes portions of the property with a total site area of approximately 5,880.36 sq.m.
7. In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land within the locality which have the similar characteristics as the property, and selected three comparable properties based on the following criteria:
- the transaction date of the comparable properties should be within two years;
 - the usage of the comparable properties should be similar use (ie. industrial or port terminal); and
 - the comparable property should be connected with road and the supply of water and electricity and with land levelling.

All of the three selected comparable properties are industrial land sites within the locality which have the similar location and infrastructure as the subject property. The unit price of these comparable land sites ranges from RMB535 to RMB563 per sq.m. Appropriate adjustments and analysis are considered to the differences in several aspects including time, site area, location and accessibility and other characters between the comparable properties and the subject property to arrive at an assumed unit rate for the property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Adjustment on time factor is considered for the price level of similar property between the transaction date and the valuation date. Details of the three comparable properties and adjustments are set out below, the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed the valuation of the property.

Comparable	A	B	C
Location	East of Baoshui Vertical 1st Road and south of Baoshui Horizontal 2nd Road, Donggang District	South of Shenzhen Road and west of Beijing Road, Donggang District	East of Linyi Road and north of Yanhai Road, Donggang District
Usage*	Industrial land	Industrial land	Industrial land
Transaction date	November 2022	August 2022	December 2021
Transaction nature	Auction	Auction	Auction
Site area (sq.m.)	24,952.90	19,693.00	55,577.50
Remaining land use rights term	30 years	30 years	30 years
Location and accessibility	Good	Good	Good
Unit price (RMB/sq.m.)	563	535	538
Adjustment factors:			
Time	Similar with the property	Similar with the property	Inferior to property
Transaction nature	Similar with the property	Similar with the property	Similar with the property
Site area	Inferior to property	Inferior to property	Inferior to property
Remaining land use rights term	Similar with the property	Similar with the property	Similar with the property
Location and accessibility	Inferior to property	Inferior to property	Inferior to property
Total adjustment**	+11%	+11%	+13%
Adjusted unit price (RMB/sq.m.)	625	594	608

* According to the latest Rizhao City Benchmark Land Price published by the local government, the adjustment coefficient of port terminal land on industrial land is 1.2. We have considered the coefficient in the course of valuation.

** The total adjustment of each comparable is just only for the industrial use land parcels of the property. With reference to the aforesaid coefficient of Benchmark Land Price between port terminal land and industrial land, in arriving at the value of land parcels for port terminal use, we have adopted an upward adjustment of 20% on the market value of industrial land parcels.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Rizhao Port Group has legally obtained the land use rights of the land parcels mentioned in notes 1 to 3, and is entitled to transfer, exchange, contribute capital, donate and mortgage the land use rights;
 - b. The land use rights of the property are not subject to mortgage or seizure and Rizhao Port Group has the rights to transfer the land use rights of the property without rights encumbrances;
 - c. After the transaction of the property, the Company should apply to registration authority for change of registration and issuance of new State-owned Land Use Rights Certificates for the land parcels of the property; and
 - d. It is suggested that the transfer matters of the buildings and facilities erected on the property should be clarified clearly in the land use rights transfer contracts.
9. Details of the property and market value are as follows:

Location	Site area (sq.m.)	Usage	Market value on clear site state as at the valuation date RMB
South of Shanghai Road, east of Haibin 5th Road	10,555.40	port terminal	8,090,000
	694.13	port terminal	530,000
	3,757.14	port terminal	2,880,000
	121,055.73	port terminal	92,770,000
East of Beijing Road, south of Xinliang Road, Shijiu Street	5,155.36	industrial	3,140,000
	725.00	industrial	440,000
Total:	141,942.76		107,850,000

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 2022, 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.

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 a member of the Party Committee of Rizhao Port.
- (b) Mr. Chen Lei, a non-executive Director, is the deputy minister of the financial management department of Rizhao Port Group.
- (c) Mr. Fang Lei, a non-executive Director, is the party secretary of the Party Committee and the executive vice president of the Party School of Rizhao Port.
- (d) Mr. Seow Kok Leong Terence, a non-executive Director, is the chief executive officer of Jurong Port.
- (e) Mr. Nyan Ming Ren Francis, a non-executive Director, is the chief financial officer of Jurong Port.
- (f) Mr. Li Weiqing, a Supervisor, is the audit specialist of legal audit department of Rizhao Port Group.
- (g) Mr. Tham Wai Kong, a Supervisor, is the vice chairman of the legal and company secretariat of Jurong Port.

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.

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 2022 (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. EXPERTS' QUALIFICATIONS AND CONSENTS

- (a) The following are the qualifications of the experts who have given their opinion or advice 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
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	an independent property valuer

- (b) As at the Latest Practicable Date, each of Gram Capital and JLL did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Each of Gram Capital and JLL has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and opinion or report (as the case may be) dated 27 April 2023 and reference to its name in the form and context in which they appear.

- (d) The letter and recommendation given by Gram Capital and the valuation report from JLL are given as at the date of this circular for incorporation herein.
- (e) As at the Latest Practicable Date, each of Gram Capital and JLL 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 2022, 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 (<http://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 Bulk Grain Phase Two Maize Stevedoring Electricity Substation Transfer Contract;
- (b) the Bulk Grain Phase One and Two Silo Area Transfer Contract;
- (c) the Bulk Grain Phase Three No. 2 Electricity Substation Transfer Contract;
- (d) the Bulk Grain Phase Three Central Control Building Transfer Contract;
- (e) the No. 1 Warehouse Transfer Contract; and
- (f) the Woodchip Stacking Yard Fire Pump Room Transfer Contract.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

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 11:00 a.m. on Thursday, 18 May 2023 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 27 April 2023 in relation to the EGM:

ORDINARY RESOLUTIONS

1. To consider and approve the Bulk Grain Phase Two Maize Stevedoring Electricity Substation Transfer Contract and the transactions contemplated thereunder.
2. To consider and approve the Bulk Grain Phase One and Two Silo Area Transfer Contract and the transactions contemplated thereunder.
3. To consider and approve the Bulk Grain Phase Three No. 2 Electricity Substation Transfer Contract and the transactions contemplated thereunder.
4. To consider and approve the Bulk Grain Phase Three Central Control Building Transfer Contract and the transactions contemplated thereunder.
5. To consider and approve the No. 1 Warehouse Transfer Contract and the transactions contemplated thereunder.
6. To consider and approve the Woodchip Stacking Yard Fire Pump Room Transfer Contract and the transactions contemplated thereunder.

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

Rizhao, PRC, 27 April 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

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. Qin Yuning as the executive Director; Mr. Seow Kok Leong Terence, Mr. Nyan Ming Ren Francis, Mr. Fang Lei and Mr. Chen Lei as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as the independent non-executive Directors.

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. In order to determine the holders of H Shares who will be entitled to attend the EGM, the register of members of the Company will be closed from Friday, 12 May 2023 to Thursday, 18 May 2023 (both days inclusive), during which period no transfer of H Shares will be registered. In order for the holders of H Shares to qualify for attending the EGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Thursday, 11 May 2023.
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.