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

(Stock Code: 6117)

CONNECTED TRANSACTION LICENCE AGREEMENT

On 28 December 2023 (after trading hours), the Company entered into the Licence Agreement with Rizhao Port Container, pursuant to which Rizhao Port Container agreed to license to the Company the right to use the Licensed Premises for a term commencing from 1 January 2024 and ending on 31 December 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Rizhao Port Container is a wholly-owned subsidiary of Rizhao Port, which is a controlling shareholder of the Company. Accordingly, Rizhao Port Container is an associate of Rizhao Port pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules.

In accordance with IFRS 16 – Leases, the berth licence fees payable by the Company under the Licence Agreement will be recognised as a right-of-use asset and therefore the entering into of the Licence Agreement will be regarded as an acquisition of assets by the Company for the purpose of the Listing Rules, which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the value of the right-of-use asset to be recognised by the Company under the Licence Agreement is more than 0.1% but less than 5%, the entering into of the Licence Agreement and the transactions contemplated thereunder are subject to reporting and announcement but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

On 28 December 2023 (after trading hours), the Company entered into the Licence Agreement with Rizhao Port Container, pursuant to which Rizhao Port Container agreed to license to the Company the right to use the Licensed Premises for a term commencing from 1 January 2024 and ending on 31 December 2025.

LICENCE AGREEMENT

The principal terms of the Licence Agreement are set out as follows:

- Date:** 28 December 2023
- Parties:** (a) Rizhao Port Container, as the licensor; and
(b) the Company, as the licensee.
- Term:** The Licence Agreement has a term of two years commencing from 1 January 2024 and ending on 31 December 2025.

Upon expiry of the term of the Licence Agreement, Rizhao Port Container and the Company shall negotiate to determine the subsequent use of the Licensed Premises and the Company shall have the right of first refusal provided that the Company has the intention to continue to use the Licensed Premises.

- Licensed Premises:** The Licensed Premises comprise the West-18 berth located at west operation area, Shijiu port area, Rizhao, Shandong Province, the PRC.

- Berth licence fee and payment terms:** The Company shall pay a fixed berth licence fee to Rizhao Port Container in the amount of RMB12,220,000 per annum (including value-added tax) on a monthly basis. Both parties shall settle the annual berth licence fee in the last month of each year. Rizhao Port Container shall issue value-added tax invoice upon receipt of the berth licence fee.

The berth licence fee is determined through arm's length negotiation between the parties with references to (i) area leased, geographic location and profile of the surrounding area; and (ii) historical berth licence fee charged by Rizhao Port Container. The berth licence fee payable under the Licence Agreement will be satisfied by the Company's internal resources.

RIGHT-OF-USE ASSET UNDER THE LICENCE AGREEMENT

The value of the right-of-use asset to be recognised by the Company under the Licence Agreement is estimated to be approximately RMB21,360,000, which is the present value of the aggregated fixed berth licence fees payable for the entire term of the Licence Agreement in accordance with IFRS 16 – Leases. A discount rate of 4.65% per annum is adopted in calculating the present value of the aggregated fixed berth licence fee payments under the Licence Agreement. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Licensed Premises were constructed by Rizhao Port Container and there is no original acquisition cost of the Licensed Premises.

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 Container, a company incorporated in the PRC with limited liability, is principally engaged in the development of container routes, railway containers, devanning and loading, freight forwarding and other businesses, as well as port loading and unloading, storage and transshipment of bulk cargoes such as metal ores, coal and its products, timber and iron and steel.

As at the date of this announcement, Rizhao Port Container is a wholly-owned subsidiary of Rizhao Port, whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600017) and which is held as to 44.46% by its controlling shareholder, Rizhao Port Group; and Rizhao Port Group 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENCE AGREEMENT

The Licensed Premises are located in the Shijiu port area mainly used for port operations by the Company. The Company did not purchase such land from Rizhao Port Container because acquisition of such land may incur substantial cost and is not commercially sensible for the Company. The Company has been using such land under licences from Rizhao Port Container for a long period of time, and it is convenient and efficient for the Company to keep such arrangement for the Company's operations. Therefore, the Directors are of the view that the continuance of such transactions is cost efficient and is in the best interest of the Shareholders as a whole.

The terms of the Licence Agreement 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 Licence Agreement 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 Licence Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Licence Agreement and the transactions contemplated thereunder.

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In accordance with IFRS 16 – Leases, the berth licence fees payable by the Company under the Licence Agreement will be recognised as a right-of-use asset and therefore the entering into of the Licence Agreement will be regarded as an acquisition of assets by the Company for the purpose of the Listing Rules, which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the value of the right-of-use asset to be recognised by the Company under the Licence Agreement is more than 0.1% but less than 5%, the entering into of the Licence Agreement and the transactions contemplated thereunder are subject to reporting and announcement but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“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 and traded on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Licence”	the licence granted by Rizhao Port Container to the Company under the Licence Agreement to use the Licensed Premises for a term commencing from 1 January 2024 and ending on 31 December 2025
“Licence Agreement”	the licence agreement dated 28 December 2023 entered into between Rizhao Port Container and the Company in relation to the Licence

“Licensed Premises”	the West-18 berth located at west operation area, Shijiu port area, Rizhao, Shandong Province, the PRC
“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)
“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 Container”	Rizhao Port Container Development Co., Ltd.* (日照港集裝箱發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of 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 established in PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“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

* *Unofficial English translation denotes for identification purposes only*

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

Rizhao, PRC, 28 December 2023

As at the date of this announcement, the Board 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 independent non-executive Directors.