

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



辽宁港口股份有限公司
LIAONING PORT CO., LTD.*

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 2880)

**CONTINUING CONNECTED TRANSACTIONS
AND
DISCLOSEABLE TRANSACTION**

INTRODUCTION

On 26 October 2023, the Company entered into the Construction Management and Supervision Services Agreement, the Lease Agreement, the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the Terminal Facilities Design and Construction Services Agreement with Liaoning Port Group. On the same day, the Company entered into the Financial Services Agreement with CMG Finance.

As one or more of the applicable percentage ratios for each of the transactions set out in the section headed “3. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement” are, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement and the Terminal Facilities Design and Construction Services Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for each of the transactions set out in the sections headed “4. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement and Independent Shareholders’ Approval Requirements” are, on an annual basis, more than 5% and the proposed annual caps for such transactions are more than HK\$10,000,000, the transactions contemplated under the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement are subject to the reporting, annual review, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the provision of Deposit Services under the Financial Services Agreement is, on an annual basis, more than 5% but less than 25%, such transaction also constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

For the purpose of obtaining the Independent Shareholders' approval for the transactions contemplated under the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions for each of the three years ending 31 December 2024, 2025 and 2026, the Company will convene a general meeting pursuant to the Listing Rules.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the aforementioned transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the same. CMG and its associates will abstain from voting on the ordinary resolution(s) approving the transactions contemplated under the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the Financial Services Agreement as well as the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the aforementioned transactions at the EGM to be held by the Company.

A circular containing, among other things, a letter of advice from the independent financial adviser to both the Independent Board Committee and the Independent Shareholders and a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the details of the general meeting to be held to approve the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the aforementioned transactions, will be dispatched to the Shareholders on or before 24 November 2023 in accordance with the Listing Rules as more time is required to finalise the circular to the Shareholders.

Although the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement and the Terminal Facilities Design and Construction Services Agreement as well as the provision of Credit Loan Services and Settlement Services and other financial services contemplated under the Financial Services Agreement are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, the Company will seek Independent Shareholders' approval for the aforementioned agreements and the transactions thereunder as well as the proposed annual caps for each of the transactions pursuant to the requirements under the Shanghai Listing Rules.

1. INTRODUCTION

Reference is made to the 2021 Announcement and the 2021 Circular in relation to certain continuing connected transactions. Reference is also made to the announcement of the Company dated 28 April 2022 in relation to, among other things, the revision and increase the annual caps of certain continuing connected transactions of the Company for each of the two years ended/ending 31 December 2022 and 2023.

On 26 October 2023, the Company entered into the following agreements with members of its parent group to governing the various continuing connected transactions as set out below.

2. CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

2.1 Financial Services – Credit Loan Services

On 26 October 2023, the Company entered into the Financial Services Agreement with CMG Finance, pursuant to which CMG Finance shall provide Credit Loan Services, Deposit Services, Settlement Services and other financial services to the Group on normal commercial terms or better to the Group for a term commencing on 1 January 2024 and ending on 31 December 2026. The Credit Loan Services will not be secured by the Group's assets.

Information relating to the Settlement Services and the Deposit Services and other financial services under the Financial Services Agreement are set out in the sections headed "2.2 Financial Services – Settlement Services and other Financial Services" and "4.3 Financial Services – Deposit Services" in this announcement.

(a) Pricing

Pursuant to the Financial Services Agreement, the interest rate for any credit loan provided by CMG Finance to the Group shall not be higher than the rate charged by other financial institutions in the PRC for comparable credit loans. In addition, the daily closing balance of the Group's credit loan (plus accrued interests) with CMG Finance under the Financial Services Agreement shall not exceed RMB7.0 billion.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)
Financial Services –			
Credit Loan Services	6,000,000 ⁽¹⁾	6,000,000 ⁽¹⁾	6,000,000 ⁽¹⁾
(maximum daily closing balance)	(6,000,000) ⁽²⁾	(6,000,000) ⁽²⁾	(6,000,000) ⁽²⁾

Notes:

(1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.

(2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and the estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 (RMB in million)	For the year ended 31 December 2022 (RMB in million)	For the year ending 31 December 2023 (RMB in million)
Financial Services –			
Credit Loan Services	Nil ⁽¹⁾	809.54 ⁽¹⁾	1,750.00 ⁽¹⁾
(maximum daily closing balance)	(Nil) ⁽²⁾	(809.54) ⁽²⁾	(1,750.00) ⁽²⁾

Notes:

(1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.

(2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Financial Services –			
Credit Loan Services (maximum daily closing balance)	7,000,000 ⁽¹⁾ (7,000,000) ⁽²⁾	7,000,000 ⁽¹⁾ (7,000,000) ⁽²⁾	7,000,000 ⁽¹⁾ (7,000,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the Credit Loan Services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered (i) the historical figures of the maximum daily outstanding balance of loans (including accrued interests) for the Credit Loan Services, and (ii) the anticipated increase in the Group’s capital needs in the coming three years.

2.2 Financial Services – Settlement Services and other Financial Services

Pursuant to the Financial Services Agreement, CMG Finance shall provide Settlement Services and other financial services to the Group on normal commercial terms or better for a term commencing on 1 January 2024 and ending on 31 December 2026.

(a) Pricing

Pursuant to the Financial Services Agreement, the Company expects that the total annual fees payable by the Group to CMG Finance for the Settlement Services and other financial services under the Financial Services Agreement will not exceed RMB10.0 million per year for each of the three years ending 31 December 2024, 2025 and 2026. Under the Financial Services Agreement, on-shore settlement services shall be provided by CMG Finance free of charge and service fee charged for the cross-border and off-shore settlement services shall not be higher than the service fee for comparable financial institutions in the PRC and abroad. In addition, the fees payable by the Group to CMG Finance shall not be higher than the fees charged by major financial institutions in the PRC.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ending 31 December 2023 <i>(RMB'000)</i>
Settlement Services and other financial services	10,000 ⁽¹⁾	10,000 ⁽¹⁾	10,000 ⁽¹⁾
	(10,000) ⁽²⁾	(10,000) ⁽²⁾	(10,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ending 31 December 2023 <i>(RMB'000)</i>
Settlement Services and other financial services	0.9 ⁽¹⁾	Nil ⁽¹⁾	100 ⁽¹⁾
	0.9 ⁽²⁾	Nil ⁽²⁾	100 ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Settlement Services and other financial services	10,000 ⁽¹⁾ (10,000) ⁽²⁾	10,000 ⁽¹⁾ (10,000) ⁽²⁾	10,000 ⁽¹⁾ (10,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the Settlement Services and other financial services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, which will remain the same as the historical annual caps for 2021, 2022 and 2023 in respect of the Settlement Services and other financial services, the Directors have considered a number of factors including (i) the historical amounts of service fees as shown in the table above, (ii) the operational and financial needs of the Group in the coming three years; and (iii) the anticipated service fee to be incurred for the Settlement Services and other financial services by the Group. The difference between the historical caps and the historical amounts incurred in respect of the Settlement Services and other financial services was due to the reduction or delay in guarantee letter related business which resulted delay in payments for service fees.

3. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

3.1 Providing Construction Management and Supervision Services

On 26 October 2023, the Company entered into the Construction Management and Supervision Services Agreement with Liaoning Port Group, pursuant to which the Group shall provide Construction Management and Supervision Services to Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) on normal commercial terms or better for a term commencing on 1 January 2024 and ending on 31 December 2026.

Information relating to the Construction Management and Supervision Services to be provided by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) to the Group under the Construction Management and Supervision Services Agreement are set out in the section headed “3.2 Receiving Construction Management and Supervision Services” in this announcement.

(a) Pricing

Pursuant to the Construction Management and Supervision Services Agreement, the provision of Construction Management and Supervision Services by the Group to Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) shall be priced in accordance with the following principles:

- at the State Price; and
- where there is no State Price, with reference to the market price at which the same or comparable types of services are provided to independent third parties in the normal course of business ^{Note}.

Note: normally, at least two quotations to independent third parties will be used for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)
Providing Construction Management and Supervision Services	53,000 ⁽¹⁾	82,000 ⁽¹⁾	105,000 ⁽¹⁾
	(53,000) ⁽²⁾	(82,000) ⁽²⁾	(105,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and the estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB in million)</i>	For the year ended 31 December 2022 <i>(RMB in million)</i>	For the year ending 31 December 2023 <i>(RMB in million)</i>
Providing Construction Management and Supervision Services	9.09 ⁽¹⁾	14.03 ⁽¹⁾	30.31 ⁽¹⁾
	(8.12) ⁽²⁾	(12.44) ⁽²⁾	(29.39) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 <i>(RMB '000)</i>	Proposed annual cap for the year ending 31 December 2025 <i>(RMB '000)</i>	Proposed annual cap for the year ending 31 December 2026 <i>(RMB '000)</i>
Providing Construction Management and Supervision Services	56,000 ⁽¹⁾	57,000 ⁽¹⁾	62,000 ⁽¹⁾
	(53,000) ⁽²⁾	(54,000) ⁽²⁾	(60,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of providing Construction Management and Supervision Services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered the historical transaction amounts of the Construction Management and Supervision Services provided by the Group to Liaoning Port Group and its associates or subsidiary(ies) (as the case may be), and the anticipated demand of construction-related management and supervision services required by Liaoning Port Group for (i) the projects which had been suspended in the years from 2021 to 2023 and are expected to resume construction in the coming three years such as the bulk grain terminal engineering project; and (ii) the new projects planned by Liaoning Port Group in the next three years such as the bulk cargo processing system modification and construction projects.

3.2 Receiving Construction Management and Supervision Services

Under the Construction Management and Supervision Services Agreement, Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) shall also provide Construction Management and Supervision Services to the Group.

(a) Pricing

Pursuant to the Construction Management and Supervision Services Agreement, the provision of Construction Management and Supervision Services by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) to the Group shall be priced in accordance with the following principles:

- at the State Price; and
- where there is no State Price, with reference to the market price at which the same or comparable types of services are provided to independent third parties in the normal course of business ^{Note}.

Note: normally, at least two quotations from independent third parties will be obtained for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ending 31 December 2023 <i>(RMB'000)</i>
Receiving Construction Management and Supervision Services	26,000 ⁽¹⁾	26,000 ⁽¹⁾	24,000 ⁽¹⁾
	(26,000) ⁽²⁾	(26,000) ⁽²⁾	(24,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and the estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB in million)</i>	For the year ended 31 December 2022 <i>(RMB in million)</i>	For the year ending 31 December 2023 <i>(RMB in million)</i>
Receiving Construction Management and Supervision Services	4.20 ⁽¹⁾	0.56 ⁽¹⁾	6.56 ⁽¹⁾
	(4.20) ⁽²⁾	(0.56) ⁽²⁾	(6.56) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Receiving Construction Management and Supervision Services	12,000 ⁽¹⁾	12,000 ⁽¹⁾	12,000 ⁽¹⁾
	(12,000) ⁽²⁾	(12,000) ⁽²⁾	(12,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of receiving the Construction Management and Supervision Services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered the historical transaction amounts of the Construction Management and Supervision Services received by the Group and the anticipated demand of construction-related management and supervision services required by the Group due to the new projects planned by the Group in the next three years, such as the sewage treatment plant expansion and renovation project.

3.3 Leasing Services (Leasing to)

On 26 October 2023, the Company entered into the Lease Agreement with Liaoning Port Group, pursuant to which the Group agreed to lease its Properties to Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) on normal commercial terms or better for a term commencing on 1 January 2024 and ending on 31 December 2026.

Information relating to the Group leasing Properties from Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) under the Lease Agreement are set out in the sections headed “3.4 Leasing Services (Leasing from) (Short-term and Low-value)” and “3.5 Leasing Services (Leasing from) (Other than Short-term and Low-value)” in this announcement.

(a) Pricing

Pursuant to the Lease Agreement, rental fee shall be determined with reference to market price, i.e., the price at which the same or comparable types of services are provided to independent third parties in the normal course of business. Normally, at least two quotations to independent third parties will be used for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)
Leasing Services (Leasing to)	191,000 ⁽¹⁾	243,000 ⁽¹⁾	243,000 ⁽¹⁾
	(174,000) ⁽²⁾	(226,000) ⁽²⁾	(226,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and the estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 (RMB in million)	For the year ended 31 December 2022 (RMB in million)	For the year ending 31 December 2023 (RMB in million)
Leasing Services (Leasing to)	110.03 ⁽¹⁾	109.37 ⁽¹⁾	157.74 ⁽¹⁾
	(95.66) ⁽²⁾	(84.98) ⁽²⁾	(102.00) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Leasing Services (Leasing to)	225,000 ⁽¹⁾	240,000 ⁽¹⁾	250,000 ⁽¹⁾
	(150,000) ⁽²⁾	(160,000) ⁽²⁾	(175,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the leasing services (leasing to), the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered the historical transaction amounts, the expected increase in rental fees in the next three years and the anticipated increase in demand of leasing Properties by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) from the Group in the next three years, such as its demand on port and terminal facilities.

3.4 Leasing Services (Leasing from) (Short-term and Low-value)

Pursuant to the Lease Agreement, Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) will lease Properties to the Group. In general, the Group recognizes lease payments on short-term leases and low-value asset leases in current profit or loss on a straight-line basis or otherwise on a systematic and reasonable basis in each period over the lease term.

(a) Pricing

Pursuant to the Lease Agreement, rental fee shall be determined with reference to market price, i.e., the price at which the same or comparable types of services are provided from independent third parties in the normal course of business. Normally, at least two quotations from independent third parties will be obtained for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)
Leasing Services (Leasing from) (Short-term and low-value)	37,000	49,000	49,000

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and the estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 (RMB in million)	For the year ended 31 December 2022 (RMB in million)	For the year ending 31 December 2023 (RMB in million)
Leasing Services (Leasing from) (Short-term and low-value)	21.07	21.53	32.08

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Leasing Services (Leasing from) (Short-term and low-value)	50,000	50,000	50,000

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered the historical transaction amounts, the future needs of the Group for the leasing services to accommodate the Group's business operations and development in the coming three years and the potential increase in rental fees.

3.5 Leasing Services (Leasing from) (Other than Short-term and Low-value)

Except for the abovementioned short-term and low-value leases, the Group will recognized other transactions under the Lease Agreement as right-of-use assets in its consolidated statement of financial position.

(a) Pricing

Pursuant to the Lease Agreement, rental fee shall be determined with reference to market price, i.e., the price at which the same or comparable types of services are provided from independent third parties in the normal course of business. Normally, at least two quotations from independent third parties shall be obtained for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ending 31 December 2023 <i>(RMB'000)</i>
Leasing Services (Leasing from) (Other than Short-term and Low-value)	787,000	1,650,000	774,000

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and the estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB in million)</i>	For the year ended 31 December 2022 <i>(RMB in million)</i>	For the year ending 31 December 2023 <i>(RMB in million)</i>
Leasing Services (Leasing from) (Other than Short-term and Low-value)	75.64	1,051.85	58.49

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Leasing Services (Leasing from) (Other than Short-term and Low-value)	304,000	220,000	244,000

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered the future needs of the Group for the leasing services (other than short-term and low-value) to accommodate the Group's business operations and development in the coming three years.

3.6 Terminal Facilities Design and Construction Services

On 26 October 2023, the Company entered into the Terminal Facilities Design and Construction Services Agreement with Liaoning Port Group, pursuant to which Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) shall provide the Terminal Facilities Design and Construction Services to the Group on normal commercial terms or better for a term commencing on 1 January 2024 and ending on 31 December 2026.

(a) Pricing

Pursuant to the Terminal Facilities Design and Construction Services Agreement, the Terminal Facilities Design and Construction Services shall be priced in accordance with the following principles:

- at the State Price;
- where there is no State Price, with reference to the market price at which the same or comparable types of services are provided from independent third parties in the normal course of business^{Note}; and
- where the project is subject to public bidding, at the pricing principle determined through the bidding process.

Note: normally, at least two quotations from independent third parties will be obtained for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ending 31 December 2023 <i>(RMB'000)</i>
Terminal Facilities			
Design and Construction Services	520,000 ⁽¹⁾	410,000 ⁽¹⁾	380,000 ⁽¹⁾
	(510,000) ⁽²⁾	(400,000) ⁽²⁾	(370,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and the estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB in million)</i>	For the year ended 31 December 2022 <i>(RMB in million)</i>	For the year ending 31 December 2023 <i>(RMB in million)</i>
Terminal Facilities			
Design and Construction Services	54.09 ⁽¹⁾	120.75 ⁽¹⁾	290.14 ⁽¹⁾
	(47.40) ⁽²⁾	(110.98) ⁽²⁾	(157.13) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Terminal Facilities Design and Construction Services	150,000 ⁽¹⁾	140,000 ⁽¹⁾	130,000 ⁽¹⁾
	(15,000) ⁽²⁾	(25,000) ⁽²⁾	(20,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the Terminal Facilities Design and Construction Services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered the historical amounts of the services provided by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) to the Group, the Company’s investment plans and the expected construction works to be undertaken by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) in the next three years. The decrease in the annual caps for each of the three years ended 31 December 2024, 2025 and 2026 is mainly due to (i) the decrease in the amount of connected transactions as a result of the change of Dalian Port Logistics Network Co., Ltd.* (大連口岸物流網股份有限公司) and Yingkou Gangxin Technology Co., Ltd.* (營口港信科技有限公司) (together with their subsidiaries, collectively, the “**IT Companies**”) from connected persons to subsidiaries of the Company following the acquisition of the IT Companies by the Company in 2023; and (ii) the decrease in the amount of connected transactions in the next three years as the smart terminal construction project is expected to be completed by the end of 2023.

4. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

4.1 Supply of Goods and Services

On 26 October 2023, the Company entered into the Supply of Goods and Services Agreement with Liaoning Port Group, pursuant to which the Group shall supply goods and services to Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) on normal commercial terms or better for a term commencing on 1 January 2024 and ending on 31 December 2026.

(a) Pricing

Pursuant to the Supply for Goods and Services Agreement, the provision of Supply of Goods and Services by the Group to Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) shall be priced in accordance with the following principles:

- at the State Price; and
- where there is no State Price, with reference to the market price at which the same or comparable types of services are provided to independent third parties in the normal course of business^{Note}.

Note: normally, at least two quotations to independent third parties will be used for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 <i>(RMB '000)</i>	For the year ended 31 December 2022 <i>(RMB '000)</i>	For the year ending 31 December 2023 <i>(RMB '000)</i>
Supply of Goods and Services	2,080,000 ⁽¹⁾	2,200,000 ⁽¹⁾	2,350,000 ⁽¹⁾
	(1,950,000) ⁽²⁾	(2,070,000) ⁽²⁾	(2,200,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB in million)</i>	For the year ended 31 December 2022 <i>(RMB in million)</i>	For the year ending 31 December 2023 <i>(RMB in million)</i>
Supply of Goods and Services	1,093.65 ⁽¹⁾	1,200.05 ⁽¹⁾	1,705.71 ⁽¹⁾
	(925.50) ⁽²⁾	(809.73) ⁽²⁾	(1,322.67) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Supply of Goods and Services	2,350,000 ⁽¹⁾	2,383,000 ⁽¹⁾	2,430,000 ⁽¹⁾
	(1,820,000) ⁽²⁾	(1,860,000) ⁽²⁾	(1,900,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the Supply of Goods and Services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have taken into account the following factors:

1. the historical transaction amounts;
2. the fact that the Company has acquired the IT Companies, each of which was changed from a connected person of the Company to a subsidiary of the Company after the acquisition and resulted in an increase of connected transactions amounts for the Group in respect of the provision of IT services by the IT Companies to other connected persons of the Company;
3. the increase in business between the Group and Liaoning Port Group and its associates or subsidiary(ies) (as the case may be), in particular, the port services from the Group to the subsidiaries of Liaoning Port Group; and
4. a reasonable buffer has been included in the estimated amount in respect of the Supply of Goods and Services to meet the operating needs from time to time.

(e) Internal control

- (i) The financial department of the Company and/or its subsidiaries will compile quarterly statistics on the amount of connected transactions in relation to the Supply of Goods and Services that have occurred to ensure that the amount of transactions does not exceed the annual cap. All relevant departments of the Company and/or its subsidiaries are responsible for the truthfulness, accuracy and completeness of the information they reported; and
- (ii) The independent auditor of the Company and the independent non-executive Directors will conduct an annual review on the continuing connected transactions of the Group.

4.2 Purchase of Goods and Services

On 26 October 2023, the Company entered into the Purchase of Goods and Services Agreement with Liaoning Port Group, pursuant to which the Group shall purchase goods and services from Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) on normal commercial terms or better for a term commencing on 1 January 2024 and ending on 31 December 2026.

(a) Pricing

Pursuant to the Purchase of Goods and Services Agreement, the provision of goods and services by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) to the Group shall be priced in accordance with the following principles:

- at the State price; and
- where there is no State Price, with reference to the market price at which the same or comparable types of services are provided to independent third parties in the normal course of business^{Note}.

Note: normally, at least two quotations from independent third parties will be obtained for reference.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 <i>(RMB '000)</i>	For the year ended 31 December 2022 <i>(RMB '000)</i>	For the year ending 31 December 2023 <i>(RMB '000)</i>
Purchase of Goods and Services	1,300,000 ⁽¹⁾	1,320,000 ⁽¹⁾	1,340,000 ⁽¹⁾
	(990,000) ⁽²⁾	(1,010,000) ⁽²⁾	(1,030,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB in million)</i>	For the year ended 31 December 2022 <i>(RMB in million)</i>	For the year ending 31 December 2023 <i>(RMB in million)</i>
Purchase of Goods and Services	724.40 ⁽¹⁾	825.68 ⁽¹⁾	1,007.53 ⁽¹⁾
	(515.66) ⁽²⁾	(585.97) ⁽²⁾	(690.19) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Purchase of Goods and Services	1,250,000 ⁽¹⁾	1,250,000 ⁽¹⁾	1,250,000 ⁽¹⁾
	(900,000) ⁽²⁾	(900,000) ⁽²⁾	(900,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the Purchase of Goods and Services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have taken into account the following factors:

1. the historical transaction amounts;
2. it is estimated that there will be an increase in transactions relating to provision of mechanical operations, warehousing, software maintenance and other similar services from connected persons due to the continuously increasing demand of the Group’s warehousing and logistics businesses; and
3. a reasonable buffer has been included in the estimated amounts in respect of the Purchase of Goods and Services to meet the operating needs from time to time.

(e) Internal control

- (i) The financial department of the Company and/or its subsidiaries will compile quarterly statistics on the amount of connected transactions in relation to the Purchase of Goods and Services that have occurred to ensure that the amount of transactions does not exceed the annual cap. All relevant departments of the Company and/or its subsidiaries are responsible for the truthfulness, accuracy and completeness of the information they reported;
- (ii) The project department (including relevant administrative departments) of the Company and/or its subsidiaries will have regular and close contact and dialogue with a wide range of customers in order to keep abreast of market trends and pricing terms in the market throughout each year;
- (iii) In the event that it is mandatory to go through a tender and/or bidding process, the Group will seek its service provider through a tender and/or bidding process for bid involving at least two independent suppliers on a yearly basis, and determine the price for services based on the tender and/or bidding results; and
- (iv) The independent auditor of the Company and the independent non-executive Directors will conduct an annual review on the continuing connected transactions of the Group.

4.3 Financial Services – Deposit Services

On 26 October 2023, the Company entered into the Financial Services Agreement with CMG Finance, pursuant to which CMG Finance shall provide Deposit Services to the Group on normal commercial terms or better for a term commencing on 1 January 2024 and ending on 31 December 2026.

(a) Pricing

Pursuant to the Financial Services Agreement, the interest rate payable by CMG Finance to the Group for any deposits should not be lower than the interest rate paid by other major commercial banks in the PRC for comparable deposits. In addition, the daily closing balance of the Group's deposit with CMG Finance under the Financial Services Agreement shall not exceed RMB6.0 billion.

(b) Historical caps for each of the three years ended/ending 31 December 2021, 2022 and 2023

	For the year ended 31 December 2021 <i>(RMB '000)</i>	For the year ended 31 December 2022 <i>(RMB '000)</i>	For the year ending 31 December 2023 <i>(RMB '000)</i>
Financial Services – Deposit Services (maximum daily closing balance)	6,000,000 ⁽¹⁾ (6,000,000) ⁽²⁾	6,000,000 ⁽¹⁾ (6,000,000) ⁽²⁾	6,000,000 ⁽¹⁾ (6,000,000) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(c) Historical figures for each of the two years ended 31 December 2021 and 2022 and estimated amounts for the year ending 31 December 2023

	For the year ended 31 December 2021 <i>(RMB in million)</i>	For the year ended 31 December 2022 <i>(RMB in million)</i>	For the year ending 31 December 2023 <i>(RMB in million)</i>
Financial Services – Deposit Services (maximum daily closing balance)	3,216.00 ⁽¹⁾ (3,216.00) ⁽²⁾	2,462.37 ⁽¹⁾ (2,462.37) ⁽²⁾	3,000.00 ⁽¹⁾ (3,000.00) ⁽²⁾

Notes:

- (1) The figures relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constituted connected transactions under Chapter 14A of the Listing Rules.

(d) Proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026

	Proposed annual cap for the year ending 31 December 2024 (RMB'000)	Proposed annual cap for the year ending 31 December 2025 (RMB'000)	Proposed annual cap for the year ending 31 December 2026 (RMB'000)
Financial Services – Deposit Services (maximum daily closing balance)	6,000,000 ⁽¹⁾ (6,000,000) ⁽²⁾	6,000,000 ⁽¹⁾ (6,000,000) ⁽²⁾	6,000,000 ⁽¹⁾ (6,000,000) ⁽²⁾

Notes:

- (1) In determining the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the Deposit Services, the Company considered transactions that will constitute connected transactions both under the Listing Rules and the Shanghai Listing Rules.
- (2) The figures set out in “()” relate to transactions that constitute connected transactions under Chapter 14A of the Listing Rules.

In determining the proposed annual caps for 2024, 2025 and 2026, the Directors have considered a number of factors including (i) the historical figures of the maximum daily closing balance of deposit placed by the Group, (ii) the future operation development of the Company, and (iii) the preferential interest rate offered by CMG Finance on deposits, which the Group expects to deposit more of its cash reserves to CMG Finance in order to generate higher interest returns.

(e) Internal control

In order to ensure minimal concentration risk exposure in relation to maintaining a high level of cash deposits with one single finance company, in particular CMG Finance, the Company has appropriate internal controls in place, including:

- (i) The Company will, prior to the placement of deposit with CMG Finance, (i) check the benchmark interest rates for deposits published by the People's Bank of China (中國人民銀行); and (ii) check the interest rates offered by at least two major commercial banks which have established business relationship with the Group; and
- (ii) According to the articles of CMG Finance, CMG has provided a written undertaking that in the event CMG Finance has any issues with its cash flow, CMG will increase its capital in CMG Finance, to ensure the capital of members of the Group is not affected.

5. REASONS FOR AND BENEFITS OF ENTERING INTO TRANSACTIONS

The Directors believe that the abovementioned transactions ensure the operational and business development needs of the Group are effectively met, with terms and conditions of the transactions being not less favourable to the Group than those available from independent third parties. The Directors consider that the abovementioned transactions are on normal commercial terms or better, and are entered into in the ordinary and usual course of business of the Group, and the terms and conditions contained therein and the proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As at the date of this announcement, Liaoning Port Group is an indirect holding company of the Company and is therefore a connected person of the Group as defined under Rule 14A.07 of the Listing Rules, and the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement, the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the Terminal Facilities Design and Construction Services Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Company is a fellow subsidiary of CMG Finance. As such, CMG Finance is a connected person of the Company and the transactions contemplated under the Financial Services Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Under the Listing Rules, the Credit Loan Services to be provided by CMG Finance to the Group under the Financial Services Agreement would amount to financial assistance provided by a connected person for the benefit of the Group. The Credit Loan Services will be provided by CMG Finance to the Group on normal commercial terms or better than those offered from independent third parties for comparable services in the PRC, which is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and independent shareholders' approval requirements since no security over the assets of the Group will be granted in respect of the loan(s).

As all of the applicable percentage ratios (other than the profits ratio) are less than 0.1%, the provision of Settlement Services and other financial services under the Financial Services Agreement is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios for each of the transactions set out in the section headed "3. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirement" are, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement and the Terminal Facilities Design and Construction Services Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, consider that each of the transactions set out in the section headed "3. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirement" is on normal commercial terms or better, and is entered into in the Group's ordinary and usual course of business, and the terms and conditions contained therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors, including the independent non-executive Directors, also consider the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 for the relevant transactions are fair and reasonable.

As one or more of the applicable percentage ratios for each of the transactions set out in the section headed "4. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement and Independent Shareholders' Approval Requirements" are, on an annual basis, more than 5% and the proposed annual caps for such transactions are more than HK\$10,000,000, the transactions contemplated under the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement are subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the provision of Deposit Services under the Financial Services Agreement are, on an annual basis, more than 5% but less than 25%, such transaction also constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Directors (excluding the independent non-executive Directors who will give their opinion in the circular based on the recommendation of the independent financial adviser) consider that each of the transactions set out in the section headed "4. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement and Independent Shareholders' Approval Requirements" is on normal commercial terms or better, and is entered into in the Group's ordinary and usual course of business, and the terms and conditions contained therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors (excluding the independent non-executive Directors who will give their opinion in the circular based on the recommendation of the independent financial adviser) also consider the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 for the relevant transactions are fair and reasonable.

7. GENERAL

Each of Mr. WANG Zhixian, Mr. WEI Minghui and Dr. XU Xin, being a Director also holding a management position or directorship with CMG or its associates (other than the Group), has abstained from voting on the Board resolution(s) approving the Construction Management and Supervision Services Agreement, the Lease Agreement, the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement, the Terminal Facilities Design and Construction Services Agreement and the Financial Services Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the relevant Board resolution(s).

For the purpose of obtaining the Independent Shareholders' approval for each of the transactions set out in the section headed "4. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement and Independent Shareholders' Approval Requirements" as well as the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026, the Company will convene a general meeting pursuant to the Listing Rules.

In addition, although the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement, the Terminal Facilities Design and Construction Services Agreement as well as the provision of Credit Loan Services and the Settlement Services and other financial services contemplated under the Financial Services Agreement are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules, the Company will seek Independent Shareholders' approval for the aforementioned agreements and the transactions thereunder as well as the proposed annual caps for each of the transactions pursuant to the requirements under the Shanghai Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for each of the three years ending 31 December, 2024, 2025 and 2026 in respect of the aforementioned transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the same. CMG and its associates will abstain from voting on the ordinary resolution(s) approving the transactions contemplated under the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the Financial Services Agreement as well as the proposed annual caps for each of the three years ending 31 December 2024, 2025 and 2026 in respect of the aforementioned transactions at the EGM to be held by the Company.

A circular containing, among other things, a letter of advice from the independent financial adviser to both the Independent Board Committee and the Independent Shareholders and a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the details of the general meeting to be held to approve the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for each of the three years ending 31 December, 2024, 2025 and 2026 in respect of the aforementioned transactions, will be dispatched to the Shareholders on or before 24 November 2023 in accordance with the Listing Rules as more time is required to finalise the circular to the Shareholders.

8. INFORMATION ON THE PARTIES

The Group is principally engaged in oil/liquefied chemical terminal and the related logistics services (oil segment); container terminal and related logistics services (container segment); automobile terminal and related logistics services (automobile terminal segment); bulk and general cargo terminal and related logistics services (bulk and general cargo segment); bulk grain terminal and related logistics services (bulk grain segment); passenger and roll-on, roll-off terminal and related logistics services (passenger and ro-ro segment) and value-added and ancillary port operations (value-added services segment).

Liaoning Port Group is a limited liability company established in the PRC and is principally engaged in international and domestic cargo handling, transportation, transshipment, warehousing and other port business and logistics services, providing waiting and boarding facilities and services for passengers, tugboat business, port logistics and port information technology consulting services. It is owned by China Merchants Liaoning with 51% equity interests and is ultimately controlled by CMG.

CMG Finance is beneficially wholly-owned by CMG and incorporated in the PRC. Its principal business activities include (i) provision of financial advice, credit authentication and relevant consulting and agency services for members of the CMG Group (the “**CMG Group Members**”); (ii) assistance in collection and payment of transaction money for CMG Group Members; (iii) provision of guarantees for CMG Group Members; (iv) entrusted loan services between CMG Group Members; (v) bills acceptances and discount services for CMG Group Members; (vi) internal money transfer and settlement and relevant settlement and clearance arrangement between CMG Group Members; (vii) internal money deposit services; (viii) loan and lease financing services for CMG Group Members; (ix) inter-bank lending business for CMG Group Members; (x) underwriting corporate bond of CMG Group Members; and (xi) marketable securities investment (fixed income).

CMG is a state wholly-owned enterprise established under the laws of the PRC which is under the direct control of the SASAC. It mainly provides services in three sectors, including transportation and related infrastructure, financial investment and asset management, and industry park and property development and management.

9. DEFINITIONS

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

“2021 Announcement”	the Company’s announcement dated 28 April 2021
“2021 Circular”	the Company’s circular dated 26 May 2021
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Merchants Liaoning”	China Merchants (Liaoning) Port Development Company Limited* (招商局(遼寧)港口發展有限公司), a limited liability company established in the PRC and is ultimately owned by CMG
“CMG”	China Merchants Group Limited* (招商局集團有限公司), a state wholly-owned enterprise established under the laws of the PRC which is under the direct control of the SASAC

“CMG Finance”	China Merchants Group Finance Co., Ltd.* (招商局集團財務有限公司) formerly known as Sinotrans & CSC Finance Co., Ltd. (中外運長航財務有限公司), a company which is beneficially wholly-owned by CMG and incorporated in the PRC on 17 May 2011
“CMG Group”	CMG and its subsidiaries
“Company”	Liaoning Port Co., Ltd.* (遼寧港口股份有限公司), a joint stock limited company incorporated in the PRC whose H Shares and A Shares are listed on the Main Board of the Stock Exchange (stock code: 2880) and the Shanghai Stock Exchange (stock code: 601880) respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Management and Supervision Services”	the construction project management services, engineering services and consultancy services provided by Liaoning Port Group or the Company to each other (as the case may be) under the Construction Management and Supervision Services Agreement
“Construction Management and Supervision Services Agreement”	the framework agreement in relation to the construction management and supervision services entered into between the Company and Liaoning Port Group on 26 October 2023
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Credit Loan Services”	credit, loan and guarantee services to be provided by CMG Finance to the Group pursuant to the Financial Services Agreement
“Deposit Services”	depository services to be provided by CMG Finance to the Group pursuant to the Financial Services Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve, among others, the Construction Management and Supervision Services Agreement, the Lease Agreement, the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement, the Terminal Facilities Design and Construction Services Agreement and the Financial Services Agreement and the transactions contemplated thereunder

“Financial Services Agreement”	the framework agreement entered into by the Company and CMG Finance on 26 October 2023 in regard to provision of Deposit Services, Credit Loan Services, Settlement Services and other financial services by CMG Finance to the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely LIU Chunyan, CHENG Chaoying and CHAN Wai Hei
“Independent Shareholders”	Shareholders other than CMG and its associates
“Lease Agreement”	the framework agreement in relation to the leasing of Properties entered into between the Company and Liaoning Port Group on 26 October 2023
“Liaoning Port Group”	Liaoning Port Group Limited (遼寧港口集團有限公司), formerly known as Liaoning North East Asia Gang Hang Development Co., Ltd. (遼寧東北亞港航發展有限公司), a limited liability company established in the PRC on 27 November 2017
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Properties”	properties including real estate, warehouse, land, machinery and equipment, vehicles, port and wharf facilities, plant and other related assets legally owned by the Group or Liaoning Port Group and its associates or subsidiary(ies) (as the case may be)

“Purchase of Goods and Services”	the purchase of goods including network and information office equipment, office supplies, accessories, software, gasoline and diesel and services including water and heating supply, production facilities and equipment maintenance, greening, commuting, canteen, medical examination, printing, conference and other related or similar services, cargo port charges, tugboat, mechanical operation, warehouse use, property management, training, bidding agency and related or similar services provided by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) to the Group
“Purchase of Goods and Services Agreement”	the framework agreement in relation to the Purchase of Goods and Services entered into between the Company and Liaoning Port Group on 26 October 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Settlement Services”	settlement and clearance services to be provided by CMG Finance to the Group pursuant to the Financial Services Agreement
“Shanghai Listing Rules”	the Stock Listing Rules of the Shanghai Stock Exchange (上海證券交易所股票上市規則)
“Shareholder(s)”	the shareholder(s) of the Company
“State Price”	the price of such services determined by laws, regulations, decisions, orders or guidelines formulated by the PRC central government, provincial government or other regulatory authorities
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Supply of Goods and Services”	the supply of goods including steaming, equipment, accessories, network and information office equipment and software and services including water, electricity and heating supply, tugboat, security, communication and related engineering services, production facilities and equipment maintenance, handling and transportation, port berthing, port security, port storage, tally, ship and freight agency, port passenger operation, berthing fee, mechanical operation, property management, network system maintenance, software development services and other related or similar services provided by the Group to Liaoning Port Group and its associates or subsidiary(ies) (as the case may be)

“Supply of Goods and Services Agreement”	the framework agreement in relation to the Supply of Goods and Services entered into between the Company and Liaoning Port Group on 26 October 2023
“Terminal Facilities Design and Construction Services”	the provision by Liaoning Port Group and its associates or subsidiary(ies) (as the case may be) of terminal facilities design and construction services to the Group
“Terminal Facilities Design and Construction Services Agreement”	the framework agreement in relation to Terminal Facilities Design and Construction Services entered into between the Company and Liaoning Port Group on 26 October 2023
“%”	per cent

By Order of the Board
Liaoning Port Co., Ltd.*
WANG Huiying and LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
26 October 2023

As at the date of this announcement, the Board comprises:

Executive Directors: WANG Zhixian and WEI Minghui

Non-executive Directors: XU Xin and YANG Bing

Independent non-executive Directors: LIU Chunyan, CHENG Chaoying and CHAN Wai Hei

* *The Company is registered as Non-Hong Kong company under Part XI of the previous Hong Kong Companies Ordinance (equivalent to Part 16 of the Hong Kong Companies Ordinance with effect from 3 March 2014) under the English name “Liaoning Port Co., Ltd.”.*

* *For identification purposes only*