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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)

**CONTINUING CONNECTED TRANSACTION
SHANGDONG PORT INTERNATIONAL TRADE RIZHAO
COMPANY FRAMEWORK AGREEMENT**

References are made to the Prospectus and the announcement of the Company dated 23 November 2020 in relation to, among others, the Port-related Service (Sale) Framework Agreement.

On 23 February 2021 (after trading hours), the Company entered into the Shandong Port International Trade Rizhao Company Framework Agreement with Shandong Port International Trade Rizhao Company, pursuant to which the Company agreed to provide stevedoring services and cargo supervision services to Shandong Port International Trade Rizhao Company and other port-related services that the Company may provide to Shandong Port International Trade Rizhao Company from time to time, for a term commencing upon the conclusion of the EGM and ending on 31 December 2023.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Port International Trade Rizhao Company (i) is a non-wholly owned subsidiary of and is held as to 51% by Shandong Port International Trade which is a wholly-owned subsidiary of Shandong Port Group, a controlling shareholder of the Company; and (ii) is held as to 49% by Rizhao Port Group, which is a controlling shareholder of the Company. Accordingly, Shandong Port International Trade Rizhao Company is an associate of Shandong Port Group and Rizhao Port Group pursuant to Rule 14A.13(1) and Rule 14A.13(3) of the Listing Rules, respectively, and therefore a connected person of the Company under the Listing Rules.

Since (i) the nature of services under the Port-related Service (Sale) Framework Agreement and the Shandong Port International Trade Rizhao Company Framework Agreement is the same and (ii) Shandong Port International Trade Rizhao Company is an associate of Rizhao Port Group pursuant to Rule 14A.13(3) of the Listing Rules, the transactions contemplated under the Port-related Service (Sale) Framework Agreement and the Shandong Port International Trade Rizhao Company Framework Agreement shall be aggregated in accordance with Rules 14A.82(1) and 14A.83 of the Listing Rules for the purpose of calculating the applicable ratios under Chapter 14A of the Listing Rules. Accordingly, the annual caps in respect of the Port-related Service (Sale) Framework Agreement and the Proposed Annual Caps shall be aggregated, and the Aggregate Annual Caps are used when calculating the applicable ratios under Chapter 14A of the Listing Rules.

Since the applicable ratios (as defined in Rule 14.07 of the Listing Rules) of the Aggregate Annual Caps are more than 5% on an annual basis, the entering into of the Shandong Port International Trade Rizhao Company Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Shandong Port International Trade Rizhao Company Framework Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Gram Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The EGM will be convened to consider and, if thought fit, to approve, among other things, the Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, 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 Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps 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 Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, further information on the Shandong Port International Trade Rizhao Company Framework Agreement, a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, together with a notice to convene the EGM and the proxy form will be dispatched to the Shareholders. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before 20 March 2021.

INTRODUCTION

References are made to the Prospectus and the announcement of the Company dated 23 November 2020 in relation to, among others, the Port-related Service (Sale) Framework Agreement, pursuant to which the Company agreed to provide stevedoring services and cargo supervision services to Rizhao Port Group and other port-related services that the Company may provide to Rizhao Port Group from time to time.

On 23 February 2021 (after trading hours), the Company entered into the Shandong Port International Trade Rizhao Company Framework Agreement with Shandong Port International Trade Rizhao Company, pursuant to which the Company agreed to provide stevedoring services and cargo supervision services to Shandong Port International Trade Rizhao Company and other port-related services that the Company may provide to Shandong Port International Trade Rizhao Company from time to time.

SHANDONG PORT INTERNATIONAL TRADE RIZHAO COMPANY FRAMEWORK AGREEMENT

The principal terms of the Shandong Port International Trade Rizhao Company Framework Agreement are set out as follows:

Date

23 February 2021

Parties

- (a) The Company; and
- (b) Shandong Port International Trade Rizhao Company (for itself and on behalf of its subsidiaries).

Term

The term of the Shandong Port International Trade Rizhao Company Framework Agreement will commence upon the conclusion of the EGM and end on 31 December 2023, subject to early termination by the Company giving at least 6 months' prior written notice to Shandong Port International Trade Rizhao Company. The Shandong Port International Trade Rizhao Company Framework Agreement can be renewed or extended upon written agreement by the parties, provided that the requirements under the relevant laws and regulations and the Listing Rules are complied with.

Nature of transaction

Pursuant to the Shandong Port International Trade Rizhao Company Framework Agreement, the Company agreed to provide stevedoring services and cargo supervision services to Shandong Port International Trade Rizhao Company and other port-related services that the Company may provide to Shandong Port International Trade Rizhao Company from time to time.

Pricing policy

The service fee rates in relation to the port-related services were determined by both parties through arm's length negotiation with reference to (a) the cost of the relevant services; and (b) the comparable service fee rate charged by the Company for such services provided for Independent Third Parties.

Historical amounts

The historical transaction amounts paid by Shandong Port International Trade Rizhao Company to the Company under the Port-related Service (Sale) Framework Agreement for each of the financial years ended 31 December 2018, 2019 and 2020 are listed below:

	For the years ended 31 December		
	2018 <i>RMB</i> (audited)	2019 <i>RMB</i> (audited)	2020 <i>RMB</i> (unaudited)
Stevedoring services	0	94,000	3,320,000
Cargo supervision services	0	0	0
Total	<u>0</u>	<u>94,000</u>	<u>3,320,000</u>

Proposed annual caps and basis of determination

The Proposed Annual Caps for the transactions contemplated under the Shandong Port International Trade Rizhao Company Framework Agreement for the financial years ending 31 December 2021, 2022 and 2023 are set out as follows:

	For the years ending 31 December		
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Stevedoring services	28,000,000	30,000,000	32,000,000
Cargo supervision services	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>28,000,000</u></u>	<u><u>30,000,000</u></u>	<u><u>32,000,000</u></u>

The Proposed Annual Caps for the amount payable by Shandong Port International Trade Rizhao Company to the Company were determined with reference to (a) the historical amount of fees paid by Shandong Port International Trade Rizhao Company to the Company for the provision of stevedoring services and cargo supervision services; and (b) the anticipated demand for such services, taking into account the anticipated growth and development of the scale and operations of the businesses of Shandong Port International Trade Rizhao Company and its development of potential new clients.

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.

Shandong Port International Trade Rizhao Company, a company established in the PRC with limited liability, is primarily engaged in iron ore, coal, coke, wood, petroleum coke, dried tapioca, soybean, corn, asphalt, fuel oil, refined oil and other domestic and foreign trade business. Shandong Port International Trade Rizhao Company is a non-wholly owned subsidiary of Shandong Port International Trade, which is a wholly-owned subsidiary of Shandong Port Group, a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The original transactions with Shandong Port International Trade Rizhao Company were covered under the Port-related Service (Sale) Framework Agreement since Shandong Port International Trade Rizhao Company was originally a wholly-owned subsidiary of Rizhao Port Group. At the end of 2020, upon completion of the acquisition of 51% equity interest in Shandong Port International Trade Rizhao Company by Shandong Port International Trade, Shandong Port International Trade Rizhao Company became the subsidiary of Shandong Port International Trade. Hence, the Company entered into the Shandong Port International Trade Rizhao Company Framework Agreement with Shandong Port International Trade Rizhao Company with the intention to continue the business relationship with Shandong Port International Trade Rizhao Company to provide stevedoring services and relevant cargo supervision services.

The terms of the Shandong Port International Trade Rizhao Company Framework Agreement 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 terms of the Shandong Port International Trade Rizhao Company Framework Agreement (including the Proposed Annual Caps) and the transactions contemplated under 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 Shandong Port International Trade Rizhao Company Framework Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Shandong Port International Trade Rizhao Company Framework Agreement and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

The Company has established the following internal control measures to ensure that the pricing mechanism and the terms of the continuing connected transactions contemplated under the Shandong Port International Trade Rizhao Company Framework Agreement are fair and reasonable and no more favourable to the connected persons than the terms offered by the Company to the Independent Third Parties:

- (a) Before entering into any individual agreement under the Shandong Port International Trade Rizhao Company Framework Agreement, the staff of various departments (including Marketing Center, Securities Affairs Office) will collect transaction information of previous similar transactions (with Independent Third Parties) and (if any) available market price for similar transactions and further review and assess the specific terms and conditions of such individual agreements to ensure that (i) the individual agreements would be in accordance with the

terms of the Shandong Port International Trade Rizhao Company Framework Agreement and the pricing policies of the Company; and (ii) the overall terms of the individual agreements are no more favourable to the connected persons than those which have been offered or to be offered by the Company to the Independent Third Parties;

- (b) The finance office of the Company will perform half-yearly check on the transactions entered under the Shandong Port International Trade Rizhao Company Framework Agreement to ensure compliance with pricing policies and that the Proposed Annual Caps will not be exceeded;
- (c) The relevant department of the Company carrying out the specific connected transactions under the Shandong Port International Trade Rizhao Company Framework Agreement with Shandong Port International Trade Rizhao Company will closely monitor the actual transaction amounts on a monthly basis. If the actual transaction amounts reach approximately 85% of the Proposed Annual Caps at any time of the year, the relevant department will report to the senior management of the Company, which will seek advice from the audit committee of the Company, and the Board will consider taking appropriate measures to revise the Proposed Annual Caps and comply with the relevant announcement and/or shareholders' approval requirements in accordance with the Listing Rules;
- (d) The finance office of the Company will perform quarterly check on the transactions entered into under the Shandong Port International Trade Rizhao Company Framework Agreement and report to the audit committee of the Company and the Board to ensure that the Proposed Annual Caps are not exceeded;
- (e) The Company will conduct internal control review and financial audit on an annual basis, financial monitoring and decision analysis on a half-yearly basis, so as to ensure that the terms of the Shandong Port International Trade Rizhao Company Framework Agreement and the pricing policies are complied with;
- (f) The auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the Shandong Port International Trade Rizhao Company Framework Agreement in accordance with the Listing Rules; and
- (g) The Company's internal audit office will focus on the above internal control measures as part of their ongoing work plan and will report to the audit committee of the Company and the Board on a quarterly basis.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Port International Trade Rizhao Company (i) is a non-wholly owned subsidiary of and is held as to 51% by Shandong Port International Trade, which is a wholly-owned subsidiary of Shandong Port Group, a controlling shareholder of the Company; and (ii) is held as to 49% by Rizhao Port Group, which is a controlling shareholder of the Company. Accordingly, Shandong Port International Trade Rizhao Company is an associate of Shandong Port Group and Rizhao Port Group pursuant to Rule 14A.13(1) and Rule 14A.13(3) of the Listing Rules, respectively, and therefore a connected person of the Company under the Listing Rules.

Since (i) the nature of services under the Port-related Service (Sale) Framework Agreement and the Shandong Port International Trade Rizhao Company Framework Agreement is the same and (ii) Shandong Port International Trade Rizhao Company is an associate of Rizhao Port Group pursuant to Rule 14A.13(3) of the Listing Rules, the transactions contemplated under the Port-related Service (Sale) Framework Agreement and the Shandong Port International Trade Rizhao Company Framework Agreement shall be aggregated in accordance with Rules 14A.82(1) and 14A.83 of the Listing Rules for the purpose of calculating the applicable ratios under Chapter 14A of the Listing Rules. Accordingly, the annual caps in respect of the Port-related Service (Sale) Framework Agreement and the Proposed Annual Caps shall be aggregated, and such aggregate amounts (the “**Aggregate Annual Caps**”) are used when calculating the applicable ratios under Chapter 14A of the Listing Rules.

Since the applicable ratios (as defined in Rule 14.07 of the Listing Rules) of the Aggregate Annual Caps are more than 5% on an annual basis, the entering into of the Shandong Port International Trade Rizhao Company Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company subject to reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Shandong Port International Trade Rizhao Company Framework Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Gram Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The EGM will be convened to consider and, if thought fit, to approve, among other things, the Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, 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 Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps 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 Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, further information on the Shandong Port International Trade Rizhao Company Framework Agreement, a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, together with a notice to convene the EGM and the proxy form will be dispatched to the Shareholders. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before 20 March 2021.

DEFINITIONS

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

“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”	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
“EGM”	an extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps 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 on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent 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 Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM to approve the Shandong Port International Trade Rizhao Company Framework Agreement, the Proposed Annual Caps 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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Port-related Service (Sale) Framework Agreement”	the port-related service (sale) framework agreement dated 24 May 2019, as amended by the port-related service (sale) supplemental framework agreement dated 23 November 2020, entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under the Shandong Port International Trade Rizhao Company Framework Agreement for the financial years ending 31 December 2021, 2022 and 2023
“Prospectus”	the prospectus of the Company dated 31 May 2019
“Rizhao Port Group”	Rizhao Port Group Co., Ltd. (日照港集團有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share (s) of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	the holder (s) of the Share (s)
“Shandong Port International Trade Rizhao Company Framework Agreement”	the port-related service (sale) framework agreement dated 23 February 2021 entered into between the Company and Shandong Port International Trade Rizhao Company (for itself and on behalf of its subsidiaries)
“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

“Shandong Port International Trade” Shandong Port International Trade Group Co., Ltd* (山東港口國際貿易集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group

“Shandong Port International Trade Rizhao Company” Shandong Port International Trade Group Rizhao Co., Ltd* (山東港口國際貿易集團日照有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of Shandong Port International Trade

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By Order of the Board
Rizhao Port Jurong Co., Ltd.
Wang Yufu
Chairman

Rizhao, PRC, 23 February 2021

As at the date of this announcement, the Board comprises Mr. Wang Yufu as Chairman and non-executive Director; Mr. He Zhaodi as executive Director; Mr. Pay Cher Wee, Mr. Ooi Boon Hoe and Mr. Jiang Zidan as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.

* *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.*