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

**(Stock Code: 6117)**

## **CONTINUING CONNECTED TRANSACTION SHANDONG PORT SHIPPING GROUP FRAMEWORK AGREEMENT**

### **SHANDONG PORT SHIPPING GROUP FRAMEWORK AGREEMENT**

On 3 March 2022 (after trading hours), the Company entered into the Shandong Port Shipping Group Framework Agreement with Shandong Port Shipping Group, pursuant to which the Company agreed to provide stevedoring, transit and storage services to Shandong Port Shipping Group and other port-related services that the Company may provide to Shandong Port Shipping Group from time to time, for a term commencing on 3 March 2022 and ending on 31 December 2024.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shandong Port Shipping Group is a non-wholly owned subsidiary of and is held as to approximately 70.36% by Shandong Port Group, a controlling shareholder of the Company. Accordingly, Shandong Port Shipping Group is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. Therefore, the entering into of the Shandong Port Shipping Group Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Although the transactions under the Shandong Port International Trade Rizhao Company Framework Agreement and the Shandong Port Shipping Group Framework Agreement are of the same nature and are entered into by the Company with parties who are connected with one another, given that the Company has already complied with all the connected transactions requirements (including independent shareholders' approval requirement) for the Shandong Port International Trade Rizhao Company Framework Agreement, the relevant annual caps and the transactions contemplated thereunder, the Company is not required to aggregate the Proposed Annual Caps under the Shandong Port Shipping Group Framework Agreement and the annual caps under the Shandong Port International Trade Rizhao Company Framework Agreement.

Since (i) the nature of services under the Rizhao Port Group Framework Agreement and the Shandong Port Shipping Group Framework Agreement is the same and (ii) Shandong Port Shipping Group is a fellow subsidiary of Shandong Port Group with Rizhao Port Group, the transactions contemplated under the Rizhao Port Group Framework Agreement and the Shandong Port Shipping Group 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 Rizhao Port Group 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.

As the highest of all applicable percentage ratios in respect of the Aggregate Annual Caps is higher than 0.1% but less than 5% on an annual basis, the entering into of the Shandong Port Shipping Group Framework Agreement is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## INTRODUCTION

Reference is made to the announcement of the Company dated 23 February 2021 and the circular of the Company dated 23 April 2021 in relation to, among other things, the continuing connected transactions contemplated under the Shandong Port International Trade Rizhao Company Framework Agreement, pursuant to which the Company agreed to provide stevedoring services and cargo supervision services to Shandong Port International Trade Rizhao Company, an indirect non-wholly owned subsidiary of Shandong Port Group, and other port-related services that the Company may provide to Shandong Port International Trade Rizhao Company from time to time.

Reference is also made to the announcement of the Company dated 26 November 2021 in relation to, among other things, the continuing connected transactions contemplated under the Rizhao Port Group 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 3 March 2022 (after trading hours), the Company entered into the Shandong Port Shipping Group Framework Agreement with Shandong Port Shipping Group, pursuant to which the Company agreed to provide stevedoring, transit and storage services to Shandong Port Shipping Group and other port-related services that the Company may provide to Shandong Port Shipping Group from time to time.

## **SHANDONG PORT SHIPPING GROUP FRAMEWORK AGREEMENT**

The principal terms of the Shandong Port Shipping Group Framework Agreement are set out as follows:

### **Date**

3 March 2022 (after trading hours)

### **Parties**

- (a) The Company; and
- (b) Shandong Port Shipping Group (for itself and on behalf of its subsidiaries).

### **Term**

From 3 March 2022 to 31 December 2024 (which will be automatically renewed for three years upon expiration (i) unless notified to the Company to the contrary in writing one month prior to the expiration; or (ii) subject to the approval of the independent shareholders of the Company and/or compliance with other relevant securities regulatory requirements in accordance with the Listing Rules).

### **Nature of transaction**

Pursuant to the Shandong Port Shipping Group Framework Agreement, the Company agreed to provide stevedoring, transit and storage services to Shandong Port Shipping Group and other port-related services that the Company may provide to Shandong Port Shipping Group 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 market price of the services provided by the Company to Independent Third Parties; and (b) the market price of similar services provided by independent and comparable suppliers.

## HISTORICAL AMOUNTS

The Company and Shandong Port Shipping Group did not conduct any similar transactions as those under the Shandong Port Shipping Group Framework Agreement in the past. Therefore, there is no historical amount for the transactions under the Shandong Port Shipping Group Framework Agreement.

## PROPOSED ANNUAL CAPS

The Proposed Annual Caps for the transactions contemplated under the Shandong Port Shipping Group Framework Agreement are set out as follows:

	<b>For the years ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Stevedoring, transit and storage services and other port-related services	8,000,000	10,000,000	12,000,000

The Proposed Annual Caps for the transactions contemplated under the Shandong Port Shipping Group Framework Agreement were determined with reference to (a) the existing demand for such services; and (b) the anticipated increase in the demand for such services, taking into account the anticipated growth of the scale and operations of the businesses of Shandong Port Shipping Group 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 Shipping Group, a company incorporated in the PRC with limited liability, is principally engaged in the businesses of inter-provincial passenger ships and dangerous goods ships; inter-provincial general cargo ship transportation and intra-provincial ship transportation; waterway general cargo transportation; international liner transportation; domestic ship management business; supply of

foreign ships at ports; waterway transportation of dangerous goods; international passenger ships and ship transportation for bulk liquid dangerous goods; ship leasing; international ship management business; domestic shipping agency; international shipping agency; NVOCC business; ship repair; ship sales; container sales; container maintenance; container leasing services; international container ship and general cargo ship transportation; international freight forwarder; domestic cargo transportation agency; maritime international freight forwarder; land international freight forwarder; and general cargo warehousing services. Shandong Port Shipping Group is a non-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 transactions contemplated under the Shandong Port Shipping Group Framework Agreement are part of or related to the principal business activities of the Company and are expected to either increase the revenue of the Company, and/or provide the Company with overall business and operational convenience and synergy, which is beneficial to the Company for improving its business volume in the market, stabilising its customer base, enhancing its development of comprehensive business strategy and promoting its regional market competitive advantage.

The terms of the Shandong Port Shipping Group Framework Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the transactions contemplated under the Shandong Port Shipping Group Framework Agreement 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 Shipping Group Framework Agreement and the transactions contemplated thereunder or were otherwise required to abstain from voting in respect of the relevant board resolutions.

## **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 Shipping Group 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 Shipping Group Framework Agreement, the staff of various departments (including marketing center and 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 of such individual agreements to ensure that (i) the individual agreements would be in accordance with the terms of the Shandong Port Shipping Group 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 monthly review on the transactions entered into under the Shandong Port Shipping Group Framework Agreement to ensure compliance with pricing policies and that the Proposed Annual Caps will not be exceeded;
- (c) The relevant office of the Company carrying out the specific connected transactions under the Shandong Port Shipping Group Framework Agreement with Shandong Port Shipping Group will closely monitor the actual transaction amount on a monthly basis. If the actual transaction amount reaches approximately 85% of the Proposed Annual Caps at any time of the year, the security affairs office of the Company 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 report to the audit committee of the Company and the Board as necessary 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 Shipping Group 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 Shipping Group 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 Shipping Group is a non-wholly owned subsidiary of and is held as to approximately 70.36% by Shandong Port Group, a controlling shareholder of the Company. Accordingly, Shandong Port Shipping Group is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. Therefore, the entering into of the Shandong Port Shipping Group Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Although the transactions under the Shandong Port International Trade Rizhao Company Framework Agreement and the Shandong Port Shipping Group Framework Agreement are of the same nature and are entered into by the Company with parties who are connected with one another, given that the Company has already complied with all the connected transactions requirements (including independent shareholders' approval requirement) for the Shandong Port International Trade Rizhao Company Framework Agreement, the relevant annual caps and the transactions contemplated thereunder, the Company is not required to aggregate the Proposed Annual Caps under the Shandong Port Shipping Group Framework Agreement and the annual caps under the Shandong Port International Trade Rizhao Company Framework Agreement.

Since (i) the nature of services under the Rizhao Port Group Framework Agreement and the Shandong Port Shipping Group Framework Agreement is the same and (ii) Shandong Port Shipping Group is a fellow subsidiary of Shandong Port Group with Rizhao Port Group, the transactions contemplated under the Rizhao Port Group Framework Agreement and the Shandong Port Shipping Group 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 Rizhao Port Group 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.

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6117)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“H Share(s)”	overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each in the share capital of the Company, listed and traded on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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 Shipping Group Framework Agreement for the financial years ending 31 December 2022, 2023 and 2024
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd. (山東港口日照港集團有限公司) (previously known as Rizhao Port Group Co., Ltd. (日照港集團有限公司)), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company
“Rizhao Port Group Framework Agreement”	the port-related service (sale) framework agreement dated 26 November 2021 entered into between the Company and Rizhao Port Group (for itself and on behalf of its subsidiaries)
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company incorporated in the PRC with limited liability and a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission
“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
“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 Shipping Group”	Shandong Port Shipping Group Co., Ltd.* (山東港口航運集團有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of Shandong Port Group
“Shandong Port Shipping Group Framework Agreement”	the port-related service (sale) framework agreement dated 3 March 2022 entered into between the Company and Shandong Port Shipping Group (for itself and on behalf of its subsidiaries)

“Share(s)”	share (s) of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	the holder (s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

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

Rizhao, PRC, 3 March 2022

*As at the date of this announcement, the Board comprises Mr. Cui Liang as Chairman and non-executive Director; Mr. Zhang Feng as executive Director; Mr. Pay Cher Wee, Mr. Ooi Boon Hoe, Mr. Jiang Zidan and Mr. Chen Lei as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.*