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

**(Stock Code: 6117)**

## **CONNECTED TRANSACTION DISPOSAL OF ASSET**

On 31 March 2023 (after trading hours), the Company entered into the Asset Transfer Agreement with Third Harbor Branch of Rizhao Port, pursuant to which, the Company has conditionally agreed to sell, and Third Harbor Branch of Rizhao Port has conditionally agreed to acquire, the Target Asset, at a consideration of RMB31,364,000.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Third Harbor Branch of Rizhao Port is a branch of Rizhao Port, which is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules.

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Asset Transfer Agreement is higher than 0.1% but below 5%, the entering into of the Asset Transfer Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, subject to reporting 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**

On 31 March 2023 (after trading hours), the Company entered into the Asset Transfer Agreement with Third Harbor Branch of Rizhao Port, pursuant to which, the Company has conditionally agreed to sell, and Third Harbor Branch of Rizhao Port has conditionally agreed to acquire, the Target Asset, at a consideration of RMB31,364,000.

## **ASSET TRANSFER AGREEMENT**

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

### **Date**

31 March 2023

### **Parties**

- (i) the Company, as the transferor; and
- (ii) Third Harbor Branch of Rizhao Port, as the transferee.

### **Target Asset**

The Target Asset is the no. 3 warehouse owned by the Company which is located at West-18 berth, west district of Shijiu port area, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼港區西區西十八泊位) with a total gross floor area of approximately 12,000 sq.m..

### **Consideration**

The consideration for the Disposal is RMB31,364,000, which was determined by the parties after arm's length negotiations with reference to the appraised market value of the Target Asset as at 31 October 2022 of RMB31,364,000 conducted by an independent property valuer in the PRC.

The consideration for the Disposal shall be paid by Third Harbor Branch of Rizhao Port in cash within 30 working days from the date of fulfillment of the conditions precedent to the Asset Transfer Agreement.

### **Conditions Precedent**

The Asset Transfer Agreement shall take effect upon the satisfaction of the following conditions precedent:

- (i) the announcement, circular and/or independent shareholders' approval requirements under the Listing Rules having been complied with by the Company (unless such transaction is exempt from the relevant disclosure and/or independent shareholders' approval requirements); and
- (ii) the approval by the board of directors of both parties in respect of the Asset Transfer Agreement and the transactions contemplated thereunder in accordance with the articles of association.

## **Completion**

Upon the satisfaction of the conditions precedent set out in the Asset Transfer Agreement, Third Harbor Branch of Rizhao Port shall become the legal owner of the Target Asset and the rights and obligations of the Target Asset shall be transferred to Third Harbor Branch of Rizhao Port.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS**

The net book value of the Target Asset as at 31 October 2022 amounted to approximately RMB28,934,050.97. Based on the consideration of RMB31,364,000 and the associated estimated direct cost and other relevant expenses and taxes of the Disposal of approximately RMB23,332, the Company is expected to record a gain on the Disposal of approximately RMB2,406,617.03. The net proceeds of approximately RMB31,340,668 are intended to be used as the general working capital of the Company.

The exact amount of the gain on the Disposal to be recorded in the financial statements of the Company for the year ending 31 December 2022 is subject to audit. It will be calculated based on the net book value of the Target Asset as at the date of the completion of the Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of the gain set out above.

## **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.

Third Harbor Branch of Rizhao Port, a branch of Rizhao Port, is principally engaged in cargo handling, transshipment and storage services in the port area; wharf and other port facilities services, etc. as engaged by Rizhao Port. Rizhao Port is a joint stock company established in the PRC with limited liability whose shares are listed and traded on the Shanghai Stock Exchange (Stock Code: 600017) and its controlling shareholder, Rizhao Port Group, is a direct wholly-owned subsidiary of Shandong Port Group Co., Ltd. (山東省港口集團有限公司), which is a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET TRANSFER AGREEMENT**

In order to further optimise the production layout of the Company and coordinate the use of its storage resources, the Company intends to sell the Target Asset, while Third Harbor Branch of Rizhao Port also has the need to use the property. The disposal of the Target Asset will be conducive to the effective use of storage resources and satisfying the integrity of asset management. The Disposal will not affect the production and operation of the Company and its cargo transshipment capacity, and will be conducive to the long-term development of the Company and in the interests of the Company and the Shareholders as a whole.

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Third Harbor Branch of Rizhao Port is a branch of Rizhao Port, which is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules.

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Asset Transfer Agreement is higher than 0.1% but below 5%, the entering into of the Asset Transfer Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, subject to reporting 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.

## DEFINITIONS

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

“Asset Transfer Agreement”	the asset transfer agreement dated 31 March 2023 entered into between the Company and Third Harbor Branch of Rizhao Port in relation to the Disposal
“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
“Disposal”	the disposal of the Target Asset by the Company to Third Harbor Branch of Rizhao Port pursuant to the Asset Transfer Agreement
“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)
“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司), a joint stock company established in the PRC with limited liability whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600017), and a controlling shareholder of the Company
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd. (山東港口日照港集團有限公司), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.”	square meter
“Target Asset”	the no. 3 warehouse which is located at West-18 berth, west district of Shijiu port area, Rizhao City, Shandong Province, the PRC (中國山東省日照市石臼港區西區西十八泊位)
“Third Harbor Branch of Rizhao Port”	Third Harbor Branch of Rizhao Port Co., Ltd.* (日照港股份有限公司第三港務分公司), a branch of Rizhao Port

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

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

Rizhao, PRC, 31 March 2023

*As at the date of this announcement, the Board comprises Mr. Cui Liang as Chairman and non-executive Director; Mr. Qin Yuning as executive Director; Mr. Seow Kok Leong Terence, Mr. Nyan Ming Ren Francis, Mr. Fang Lei and Mr. Chen Lei as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.*