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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 SDP SHANHAI PROPERTY FRAMEWORK AGREEMENT

SDP SHANHAI PROPERTY FRAMEWORK AGREEMENT

On 29 December 2023 (after trading hours), the Company entered into the SDP Shanghai Property Framework Agreement with SDP Shanghai Property, pursuant to which the Company agreed to procure office logistics services from SDP Shanghai Property and other similar office logistics services that the Company may procure from SDP Shanghai Property from time to time, for a term commencing on 1 January 2024 and ending on 31 December 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SDP Shanghai Property is a wholly-owned subsidiary of Shandong Port Group, which is a controlling shareholder of the Company. Accordingly, SDP Shanghai Property 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 SDP Shanghai Property Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the Proposed Annual Cap under the SDP Shanghai Property Framework Agreement is higher than 0.1% but less than 5%, the entering into of the SDP Shanghai Property 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

On 29 December 2023 (after trading hours), the Company entered into the SDP Shanghai Property Framework Agreement with SDP Shanghai Property, pursuant to which the Company agreed to procure office logistics services from SDP Shanghai Property and other similar office logistics services that the Company may procure from SDP Shanghai Property from time to time.

SDP SHANHAI PROPERTY FRAMEWORK AGREEMENT

The principal terms of the SDP Shanghai Property Framework Agreement are set out as follows:

Date

29 December 2023 (after trading hours)

Parties

- (a) The Company; and
- (b) SDP Shanghai Property (for itself and on behalf of its subsidiaries).

Term

From 1 January 2024 to 31 December 2024

Nature of transaction

Pursuant to the SDP Shanghai Property Framework Agreement, the Company agreed to procure office logistics services, including printing, catering, accommodation, meeting, employee benefits services and garbage removal services, from SDP Shanghai Property and other similar office logistics services that the Company may procure from SDP Shanghai Property from time to time.

Pricing policy

The service fee rates in relation to the office logistics services were determined by both parties through arm's length negotiation with references to (a) the comparable service fee rates charged by Independent Third Parties for similar services; (b) historical fee rates charged by Rizhao Port Group for similar services; and (c) the cost of the relevant services.

HISTORICAL AMOUNTS

The Company and SDP Shanghai Property did not conduct any similar transactions as those under the SDP Shanghai Property Framework Agreement in the past. Set out below are the historical transaction amounts with Rizhao Port Group in relation to the office logistics services for the two years ended 31 December 2022 and the period from 1 January 2023 to 30 November 2023:

	For the years ended 31 December		For the period from 1 January 2023 to 30 November
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Office logistics services	2,972,000	4,600,000	4,253,000

PROPOSED ANNUAL CAP

The Proposed Annual Cap for the transactions contemplated under the SDP Shanghai Property Framework Agreement is set out as follows:

	For the year ending 31 December 2024
	<i>RMB</i>
Office logistics services	6,000,000

The Proposed Annual Cap for the transactions contemplated under the SDP Shanghai Property Framework Agreement was determined with references to (a) the demand for procuring such services from SDP Shanghai Property by the Company; (b) historical service fee rates charged by Rizhao Port Group for similar services; and (c) expected increase in need due to the Company's development plans.

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.

SDP Shanghai Property, a company incorporated in the PRC with limited liability, is principally engaged in supermarket retail, provision of graphic printing, canteen catering, apartment accommodation management, landscaping, sanitation and cleaning and Xinjiang logistics services. SDP Shanghai Property is a wholly-owned subsidiary of Shandong Port Group, which is a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In terms of office logistics services, SDP Shanghai Property is the sole provider of canteen catering, staff accommodation, property and printing services in Rizhao Port area. Accordingly, the Directors are of the view that the entering into of the SDP Shanghai Property Framework Agreement is in the best interests of the Company and the Shareholders as a whole.

The terms of the SDP Shanghai Property 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 SDP Shanghai Property 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 SDP Shanghai Property Framework Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the Board resolutions approving the SDP Shanghai Property 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 SDP Shanghai Property Framework Agreement are fair and reasonable and no less favourable than the terms offered to the Company from the Independent Third Parties:

- (a) Before entering into any individual agreement under the SDP Shanghai Property Framework Agreement, the staff of various departments will collect transaction information of previous similar transactions (with Independent Third Parties and Rizhao Port Group) (if applicable), the transaction information of similar transactions between Shandong Port Group and other subsidiaries of Shandong Port Group and available market price for similar transactions (if any) 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 SDP Shanghai Property Framework Agreement and the pricing policies of the Company; and (ii) the overall terms of the individual agreements are fair and reasonable and no less favourable than the terms offered to the Company from the Independent Third Parties;
- (b) The finance office of the Company will perform monthly review on the transactions entered into under the SDP Shanghai Property Framework Agreement to ensure compliance with pricing policies;
- (c) The relevant office of the Company carrying out the specific connected transactions under the SDP Shanghai Property Framework Agreement will closely monitor the actual transaction amount on a monthly basis. If the actual transaction amount reaches approximately 85% of the Proposed Annual Cap at any time of the year, the securities 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 Cap 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 SDP Shanghai Property Framework Agreement and report to the audit committee of the Company and the Board to ensure that the Proposed Annual Cap is 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 SDP Shanghai Property 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 SDP Shanghai Property 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, SDP Shanghai Property is a wholly-owned subsidiary of Shandong Port Group, which is a controlling shareholder of the Company. Accordingly, SDP Shanghai Property 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 SDP Shanghai Property Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the Proposed Annual Cap under the SDP Shanghai Property Framework Agreement is higher than 0.1% but less than 5%, the entering into of the SDP Shanghai Property 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.

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 Cap”	the proposed annual cap for the transactions contemplated under the SDP Shanhai Property Framework Agreement for the period from 1 January 2024 to 31 December 2024
“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
“SDP Shanhai Property”	SDP Shanhai Property (Rizhao) Co., Ltd.* (山港山海物業(日照)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group

“SDP Shanghai Property Framework Agreement”	the general service (procurement) framework agreement dated 29 December 2023 entered into between the Company and SDP Shanghai Property (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
“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, 29 December 2023

As at the date of this announcement, the Board comprises Mr. Cui Liang as Chairman and non-executive Director; Mr. Qin Yuning as 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.