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

**(Stock Code: 6117)**

## **CONNECTED TRANSACTION CONSTRUCTION CONTRACT**

On 27 April 2023 (after trading hours), the Company entered into the Construction Contract with Shandong Gangwan, pursuant to which the Company agreed to engage Shandong Gangwan as the contractor for the Gangxi 7th Road Connecting Bridge Project.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) Shandong Gangwan is a non-wholly owned subsidiary of and is held as to 95.6% by Shandong Port Group; and (ii) Shandong Port Group is a controlling shareholder of the Company. Accordingly, Shandong Gangwan 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.

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Construction Contract is more than 0.1% but less than 5%, the entering into of the Construction Contract 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.

## CONSTRUCTION CONTRACT

On 27 April 2023 (after trading hours), the Company entered into the Construction Contract with Shandong Gangwan, pursuant to which the Company agreed to engage Shandong Gangwan as the contractor for the Gangxi 7th Road Connecting Bridge Project. The principal terms of the Construction Contract are set out as follows:

<b>Date:</b>	27 April 2023
<b>Parties:</b>	(a) the Company, as the principal; and  (b) Shandong Gangwan, as the contractor.
<b>Scope of service:</b>	Shandong Gangwan is responsible for the construction of a connecting bridge located at Gangxi 7th Road of Rizhao city above the power plant access canal between the south district and west district of Shijiu port area.
<b>Construction period:</b>	240 calendar days
<b>Defects liability period:</b>	2 years after completion acceptance of the Gangxi 7th Road Connecting Bridge Project
<b>Contract price:</b>	The contract price is RMB24,691,011.08, subject to (i) adjustments on the raw materials price in the event that the price of reinforcement steel, steel and concrete to be used at the construction works fluctuates from the benchmark price published by the local authorities or benchmark price stated in the website of an industry data service provider; and (ii) completion and settlement audit report issued by an independent third party audit institution appointed by the Company.

The contract price was the successful tender price offered by Shandong Gangwan in the public tender. The Company engaged Shandong Port Group Tender and Procurement Center for the tender of the Construction Contract under the Gangxi 7th Road Connecting Bridge Project and received bids from Shandong Gangwan and three independent third parties from the tender process. After a comprehensive assessment of the tenders taking into account various factors including the quotation, qualification, financial conditions, reputation and performance of each bidder and provided that the contract price offered by Shandong Gangwan represented the lowest bid as compared to the other tenderers, the Construction Contract was awarded to Shandong Gangwan.

**Payment terms:**

The contract price shall be paid in the following manner:

- (a) up to 80% of the contract price to be paid before the 20th day of every month based on the monthly project progress and actual amount of the construction work completed;

if Shandong Gangwan provides quality assurance,

- (b) up to 100% of the contract price to be paid after completion acceptance of the Gangxi 7th Road Connecting Bridge Project and Shandong Gangwan handing over the project documents and within 180 days after the Company receives the value-added tax invoice issued by Shandong Gangwan and receives the letter of guarantee as quality assurance from Shandong Gangwan of 3% of the project settlement price determined by an independent third party audit institution;

if Shandong Gangwan does not provide a letter of guarantee as quality assurance,

- (c) up to 97% of the contract price to be paid after completion acceptance of the Gangxi 7th Road Connecting Bridge Project and Shandong Gangwan handing over the project documents and within 180 days of the issuance of the value-added tax invoice; and
- (d) the remaining 3% of the contract price as the quality assurance deposit to be paid after the expiry of defects liability period with no quality defects of the Gangxi 7th Road Connecting Bridge Project.

The contract price will be funded by internal resources of the Company.

**Performance guarantee:**

After issuing the successful tender notice and before signing the Construction Contract, Shandong Gangwan shall submit to the Company a bank performance guarantee in an aggregate amount equivalent to 5% of the contract price. The performance guarantee is valid for the period from the date of the Construction Contract to the date when the construction works pass the completion acceptance (excluding the defects liability period).

## **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 Gangwan, a company incorporated in the PRC with limited liability, is principally engaged in earthwork blasting, underwater reef blasting and demolition works; installation of pressure pipelines; installation and maintenance of lifting machineries; maintenance and operation of port facilities; contracting foreign engineering projects commensurate with its strength, scale and performance; dispatching labor required for the implementation of the abovementioned overseas projects; port and waterway engineering construction; construction of housing construction engineering, steel structure engineering, ground and foundation engineering, highway subgrade engineering and municipal utility engineering; production of ready-mixed commercial concrete and prefabricated components; manufacture of material conveying equipment; installation of construction equipment; installation of mechanical and electrical equipment; leasing of machineries and equipment; asphalt (excluding hazardous chemicals) sales; other auxiliary activities of water transportation; loading, unloading and handling; and design and survey (geotechnical engineering, engineering survey) of water transportation engineering, industrial and civil construction engineering within the scope of qualifications.

As at the date of this announcement, Shandong Gangwan is a non-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 ENTERING INTO THE CONSTRUCTION CONTRACT**

As an ancillary work of the No. 8 Warehouse Project, the Gangxi 7th Road Connecting Bridge Project, after its completion, will be beneficial to optimize the functional layout of the Company's production operation area, improve the efficiency of production organization, improve the traffic conditions of automobile transportation vehicles in port, which will make the passage of vehicles safer and more convenient, and improve the efficiency of regional collection and distribution operations.

The terms of the Construction Contract have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the Construction Contract and the transactions contemplated 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 have any material interest in the Construction Contract and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Construction Contract and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) Shandong Gangwan is a non-wholly owned subsidiary of and is held as to 95.6% by Shandong Port Group; and (ii) Shandong Port Group is a controlling shareholder of the Company. Accordingly, Shandong Gangwan 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.

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Construction Contract is more than 0.1% but less than 5%, the entering into of the Construction Contract 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:

“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
“Construction Contract”	the construction contract dated 27 April 2023 entered into between the Company and Shandong Gangwan with regard to the Gangxi 7th Road Connecting Bridge Project
“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
“Gangxi 7th Road Connecting Bridge Project”	the project of the construction of a connecting bridge located at Gangxi 7th Road of Rizhao city above the power plant access canal between the south district and west district of Shijiu port area
“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
“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)
“No. 8 Warehouse Project”	the construction project of two warehouses with steel portal frame structure and ancillary infrastructure at Shijiu port area in Rizhao port
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Gangwan”	Shandong Gangwan Construction Group Co., Ltd. (山東港灣建設集團有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of Shandong Port Group
“Shandong Port 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

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

Rizhao, PRC, 27 April 2023

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