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辽宁港口股份有限公司
LIAONING PORT CO., LTD.*

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 2880)

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION

INTRODUCTION

On 28 April 2021, the Company entered into the Construction Management and Supervision Services Agreement, the Lease Agreement, the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the Terminal Facilities Design and Construction Services Agreement with Liaoning Port Group. On the same day, the Company entered into the Financial Services Agreement with CMG Finance.

As one or more of the applicable percentage ratios for each of the transactions under the section headed “3. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement” is, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement and Terminal Facilities Design and Construction Services Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for each of the transactions under the sections headed “4. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement and Independent Shareholders’ Approval Requirements” is, on an annual basis, more than 5% and the proposed annual caps for such transactions are more than HK\$10,000,000, the transactions contemplated under the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement are subject to the reporting, annual review, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the provision of Deposit Services under the Financial Services Agreement is, on an annual basis, more than 5% and the proposed annual caps for such transactions are more than HK 10,000,000, such transactions are subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the provision of Deposit Services under the Financial Services Agreement is, on an annual basis, more than 5% but less than 25%, such transaction also constitute a discloseable transaction of the Company and are subject to the notification and announcement requirement under Chapter 14 of the Listing Rules.

For the purpose of obtaining the Independent Shareholders' approval as well as the proposed annual caps for the aforementioned transactions for each of the three years ending 31 December 2021, 2022 and 2023, the Company will convene a general meeting pursuant to the Listing Rules.

GENERAL

The Independent Board Committee has been formed to also advise the Independent Shareholders in respect of the transactions contemplated under Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions. An independent financial adviser will be appointed to advise the Independent Board Committee to the Independent Shareholders on the same. CMG and its associates will abstain from voting on the ordinary resolution approving the transactions contemplated under the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions at the AGM to be held by the Company.

A circular containing, among other things, a letter of advice from the independent financial adviser to both the Independent Board Committee and the Independent Shareholders and a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the details of the general meeting to be held to approve the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions, will be dispatched to the Shareholders on or before 20 May 2021 in accordance with the Listing Rules.

Although the transactions contemplated under Construction Management and Supervision Services Agreement, the Lease Agreement and Terminal Facilities Design and Construction Services Agreement and provision of Credit Loan Services, Settlement Services and other financial services under the Financial Services Agreement are exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, the Company will seek Independent Shareholders' approval for the aforementioned agreements and the transactions thereunder pursuant to the requirements under the Shanghai Listing Rules.

1. INTRODUCTION

Reference is made to the 2018 Announcement and Circular and the 2019 Announcement and Circular in relation to certain continuing connected transactions.

Reference is also made to the Company's announcement dated 7 July 2020 and the circular dated 10 September 2020 in relation to the merger of Yingkou Port Liability Co., Ltd. (營口港務股份有限公司) (the "**Merger**").

On 28 April 2021 (after trading hours), the Company entered into the following framework agreements with member of its parent group to governing the various continuing connected transactions as set out below.

2. CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

2.1 Financial Services – Credit Loan Services

On 28 April 2021, the Company entered into the Financial Services Agreement with CMG Finance, pursuant to which CMG Finance shall provide Credit Loan Services on normal commercial terms or better to the Group for a term commencing on the date of the AGM and ending on 31 December 2023. The Credit Loan Services will not be secured by the Group's assets.

Information relating to Deposit Services, Settlement Services and other financial services under the Financial Services Agreement are set out in sections 4.3 and 2.2, respectively.

a) Pricing

Pursuant to the Financial Services Agreement, the interest rate for any credit loan provided by CMG Finance to the Group should not be higher than the rate charged by other financial institutions in the PRC for comparable credit loans. In addition, the daily closing balance of the Group's credit loan (plus accrued interests and service fees) with CMG Finance under the Financial Services Agreement should not exceed RMB6.0 billion.

b) *Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023*

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Financial Services – Credit Loan Services (maximum daily closing balance)	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered (i) the historical figures of the maximum daily outstanding balance of loans (including accrued interest and service fee) for the Credit Loan Services, and (ii) Group's capital needs and financial ability of CMG Finance for providing loan or credit to, and guarantee for the Group.

2.2 Financial Services – Settlement Services and other Financial Services

Pursuant to the Financial Services Agreement, CMG Finance shall provide Settlement Services and other financial services to the Group on normal commercial terms or better to the Group for a term commencing on the date of the AGM and ending on 31 December 2023.

a) *Pricing*

Pursuant to the Financial Services Agreement, the Company expects that the total annual fees payable by the Group to CMG Finance for the Settlement Services and other financial services under the Financial Services Agreement will not exceed RMB10.0 million per year for each of the three years ending 31 December 2021, 2022 and 2023. On-shore settlement services are provided by CMG Finance free of charge and the settlement rate for cross-border and off-shore Settlement Services shall not be higher than the service fee for comparable financial institutions in the PRC and abroad. In addition, the fees payable by the Group to CMG Finance shall not be higher than the fees charged by major financial institutions in the PRC.

b) *Historical figures for each of the two years of 2019 and 2020*

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Settlement Services and other financial services	<u>110</u>	<u>170</u>

c) *Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023*

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Settlement Services and other financial services	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered a number of factors in determining the estimated annual caps, including: (i) the historical amounts of service fees as shown in the table above, (ii) the expected introduction of new financial services such as provision of secured financing, and bank acceptance bill, and (iii) the operational and financial needs of the Group in the coming three years, as well as the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd..

3. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

3.1 Providing Construction Management and Supervision Services

On 28 April 2021, the Company entered into the Construction Management and Supervision Services Agreement with Liaoning Port Group, pursuant to which the Group shall provide Construction Management and Supervision Services on normal commercial terms or better for a term commencing on the date of the AGM and ending on 31 December 2023.

Information relating to Construction Management and Supervision Services provided by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) to the Group under the Construction Management and Supervision Services Agreement are set out in sections 3.2.

a) Pricing

Pursuant to the Construction Management and Supervision Services Agreement, the provision of Construction Management and Supervision Services by the Group to the Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) shall be priced in accordance with the following principles:

- at the State price, being the price of such services determined by laws, regulations, decisions, orders or guidelines formulated by the PRC central government, provincial government or other regulatory authorities, (“**State Price**”); and
- where there is no State Price, at the market price at which the same or comparable types of services are provided to independent third parties in the normal course of business.

b) Historical figures for each of the two years of 2019 and 2020

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Providing Construction Management and Supervision Services	<u>9,470</u>	<u>5,380</u>

c) Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Providing Construction Management and Supervision Services	<u>53,000</u>	<u>82,000</u>	<u>105,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered the historical transaction amounts of the construction management and supervision services provided by the Group to Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe), and the anticipated demand of construction-related management and supervision services required by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe), as well as the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd..

3.2 Accepting Construction Management and Supervision Services

Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) shall also provide Construction Management and Supervision Services to the Group under the Construction Management and Supervision Services Agreement.

a) *Pricing*

Pursuant to the Construction Management and Supervision Services Agreement, the provision of Construction Management and Supervision Services by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) to the Group shall be priced in accordance with the following principles:

- at the State Price; and
- where there is no State Price, at the market price at which the same or comparable types of services are provided to independent third parties in the normal course of business.

b) *Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023*

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Receiving Construction Management and Supervision Services	<u>26,000</u>	<u>26,000</u>	<u>24,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered the anticipated demand of construction-related management and supervision services required by the Group as well as the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd..

The historical fees paid by Yingkou Port Liability Co., Ltd. to the Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) for accepting Construction Management and Supervision Services for the years ended 31 December 2019 and 2020 is RMB380,000 and RMB6,220,000, respectively. Save as disclosed above, Liaoning Port Group or its associates or subsidiary(ies) has not provided any similar services to the Group in respect of Construction Management and Supervision Services.

3.3 Leasing Services (Leasing to)

On 28 April 2021, the Company entered into the Lease Agreement with Liaoning Port Group, pursuant to which the Group shall lease its Properties to Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) on normal commercial terms or better for a term commencing on the date of the AGM and ending on 31 December 2023.

Information relating to the Group leasing Properties from Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) under the Lease Agreement are set out in section 3.4 and 3.5.

a) *Pricing*

Pursuant to the Lease Agreement, rental fee shall be at market price. The market price will be determined by making reference to quotations provided (i) by the Group, or (ii) by independent third parties to Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe), in relation to the leasing of the same or comparable types of equipment or properties within the vicinity.

b) *Historical figures for each of the two years of 2019 and 2020*

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Leasing Services (Leasing to)	<u>15,960</u>	<u>15,160</u>

c) *Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023*

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Leasing Services (Leasing to)	<u>191,000</u>	<u>193,000</u>	<u>193,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd..

3.4 Leasing Services (Leasing from) (Short-term and Low-value)

Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) shall lease Properties to the Group. The Group recognises lease payments on short-term leases and low-value asset leases in current profit or loss or the cost of relevant assets on a straight-line basis or otherwise on a systematic and reasonable basis in each period over the lease term.

The historical annual rent paid to the Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) for the years ended 31 December 2019 and 2020 is approximately RMB215,090,000 and RMB219,380,000, respectively.

Information relating to the Group leasing Properties from Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) (other than short-term and low-value) under the Lease Agreement are set out in section 3.5.

a) *Pricing*

Pursuant to the Lease Agreement, rental fee shall be at market price. The market price will be determined by making reference to quotations provided (i) by independent third parties to the Group, or (ii) by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) to independent third parties, in relation to the leasing of the same or comparable types of equipment or properties within the vicinity.

b) *Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023*

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Leasing Services (Leasing from) (Short-term and low-value)	<u>37,000</u>	<u>19,000</u>	<u>19,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd. and the decrease in certain rental transferred to right-of-use assets as a result of implementation of the new standard on lease.

3.5 Leasing Services (Leasing from) (Other than Short-term and Low-value)

Except for above mentioned short-term and low-value leases, the Group will recognized other transactions under the Lease Agreement as right-of-use assets in its consolidated statement of financial position.

a) *Pricing*

Pursuant to the Lease Agreement, rental fee shall be at market price. The market price will be determined by making reference to quotations provided (i) by the independent third parties to the Group, or (ii) by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) to independent third parties, in relation to the leasing of the same or comparable types of equipment or properties within the vicinity.

b) *Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023*

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Leasing Services (Leasing from)	<u>787,000</u>	<u>750,000</u>	<u>774,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered the anticipated increase in market rate for renting terminal related properties and equipment and land, as well as the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd..

3.6 Terminal Facilities Design and Construction Services

On 28 April 2021, the Company entered into the Terminal Facilities Design and Construction Services Agreement with Liaoning Port Group, pursuant to which Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) shall provide Terminal Facilities Design and Construction Services to the Group on normal commercial terms or better for a term commencing on the date of the AGM and ending on 31 December 2023.

a) Pricing

Pursuant to the Terminal Facilities Design and Construction Services Agreement, the provision of Terminal Facilities Design and Construction Services shall be priced in accordance with the following principles:

- at the State Price;
- where there is no State Price, at the market price at which the same or comparable types of services are provided from independent third parties in the normal course of business; and
- where the project is subject to public bidding, at the price determined through the bidding process.

b) Historical figures for each of the two years of 2019 and 2020

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Terminal Facilities Design and Construction Services	<u>14,080</u>	<u>4,210</u>

c) Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Terminal Facilities Design and Construction Services	<u>520,000</u>	<u>410,000</u>	<u>380,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered historical amount of the services provided by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe), the Company's investment plan and the expected construction works to be undertaken by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) in the next three years, such as the construction projects of smart ports and the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd..

4. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

4.1 Supply of Goods and Services

On 28 April 2021, the Company entered into the Supply of Goods and Services Agreement with Liaoning Port Group, pursuant to which the Group shall supply goods and services to Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) on normal commercial terms or better for a term commencing on the date of the AGM and ending on 31 December 2023.

a) *Pricing*

Pursuant to the Supply of Goods and Services Agreement, the provision of Supply of Goods and Services by the Group to Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) shall be priced in accordance with the following principles:

- at the State Price; and
- where there is no State Price, at the market price at which the same or comparable types of services are provided to independent third parties in the normal course of business.

b) *Historical figures for each of the two years of 2019 and 2020*

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Supply of Goods and Services	<u>213,270</u>	<u>273,510</u>

c) **Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023**

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Supply of Goods and Services	<u>2,080,000</u>	<u>2,200,000</u>	<u>2,350,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have referenced to the historical transaction amount, and considered port businesses of the bulk and general cargo terminal and container terminal, as well as the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd..

4.2 Purchase of Goods and Services

On 28 April 2021, the Company entered into the Purchase of Goods and Services Agreement with Liaoning Port Group, pursuant to which the Group shall purchase goods and services from Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) on normal commercial terms or better for a term commencing on the date of the AGM and ending on 31 December 2023.

a) **Pricing**

Pursuant to the Purchase of Goods and Services Agreement, the provision of goods and services by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) to the Group shall be priced in accordance with the following principles:

- at the State Price; and
- where there is no State Price, at the market price at which the same or comparable types of services are provided from independent third parties in the normal course of business.

b) Historical figures for each of the two years of 2019 and 2020

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Purchase of Goods and Services	<u>359,310</u>	<u>372,800</u>

c) Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Purchase of Goods and Services	<u>1,300,000</u>	<u>1,320,000</u>	<u>1,340,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have referenced to the historical amount and taken into account the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd. and the fact that the Company has disposed several information companies, each of which was changed from a subsidiary of the Company to a connected person of the Company after the disposal and resulted in increasing of connected transactions.

4.3 Financial Services – Deposit Services

Pursuant to the Financial Services Agreement, CMG Finance shall provide Deposit Services to the Group on normal commercial terms or better to the Group for a term commencing on the date of the AGM and ending on 31 December 2023.

a) Pricing

Pursuant to the Financial Services Agreement, the interest rate payable by CMG Finance to the Group for any deposits should not be lower than the interest rate paid by other major commercial banks in the PRC for comparable deposits. In addition, the daily closing balance of the Group's deposit with CMG Finance under the Financial Services Agreement should not exceed RMB6.0 billion.

b) Historical figures for each of the two years of 2019 and 2020

	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Deposit Services	<u>3,617,130</u>	<u>3,377,150</u>

c) Estimated annual caps for each of the three years ending 31 December 2021, 2022 and 2023

	Estimated annual cap for the year ending 31 December 2021 (RMB'000)	Estimated annual cap for the year ending 31 December 2022 (RMB'000)	Estimated annual cap for the year ending 31 December 2023 (RMB'000)
Deposit Services	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>

In determining the estimated annual caps for 2021, 2022 and 2023, the Directors have considered a number of factors in determining the estimated annual caps, including: (i) the historical figures of the maximum daily closing balance of deposit as shown in the table above, and (ii) the increment in business arising from the Merger of Yingkou Port Liability Co., Ltd.

5. REASONS FOR AND BENEFITS OF ENTERING INTO TRANSACTIONS

The Directors believe that the abovementioned transactions ensure the operational and business development needs of the Group are effectively met, with terms and conditions of the transactions being not less favourable to the Group than those available from independent third parties. The terms and conditions of each of the agreements are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company is a fellow subsidiary of CMG Finance. As such, CMG Finance is a connected person of the Company and the transactions contemplated under the Financial Services Agreement will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Under the Listing Rules, the Credit Loan Services under the Financial Services Agreement to be provided by CMG Finance to the Group would amount to financial assistance by a connected person for the benefit of the Group, which are on normal commercial terms or better than those offered from independent third parties for comparable services in the PRC and which is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and independent shareholders' approval requirements since no security over the assets of the Group will be granted in respect of the loan(s).

As one or more of the applicable percentage ratios for the provision of Deposit Services under the Financial Services Agreement is, on an annual basis, more than 5% and the proposed annual caps for such transactions are more than HK\$10,000,000, such transactions are subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the provision of Deposit Services under the Financial Services Agreement is, on an annual basis, more than 5% but less than 25%, such transaction also constitute a discloseable transaction of the Company and are subject to the notification and announcement requirement under Chapter 14 of the Listing Rules.

The Directors (excluding the independent non-executive Directors who will give their opinion in the circular based on the recommendation of the independent financial adviser) consider that the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions for each of the three years ending 31 December 2021, 2022 and 2023 are in the Group's ordinary and usual course of business, on normal commercial terms or better to the Group, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As all the applicable percentage ratios (other than the profits ratio) are less than 0.1%, the provision of Settlement Services and other financial services under the Financial Services Agreement is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, consider that the provision of Credit Loan Services and Settlement Services and other financial services under the Financial Services Agreement are in the Group's ordinary and usual course of business, on normal commercial terms or better to the Group, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors, including the independent non-executive Directors, also consider the proposed annual caps for each of the three years ending 31 December 2021, 2022 and 2023 for the relevant transactions are fair and reasonable.

For the purpose of obtaining the Independent Shareholders' approval on the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions for each of the three years ending 31 December 2021, 2022 and 2023, the Company will convene an general meeting pursuant to the Listing Rules.

Each of Mr. WEI Minghui, Mr. SUN Dequan, Mr. QI Yue, Mr. CAO Dong, Mr. YUAN Yi and Ms. NA Danhong being a Director also holding a management position or directorship with CMG or its associates (other than the Group), has abstained from voting on the board resolutions approving the Financial Services Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors attending the board meeting has a material interest in or is required to abstain from voting on the Financial Services Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions. An independent financial adviser will be appointed to advise the Independent Board Committee to the Independent Shareholders on the same. CMG and its associates will abstain from voting on the ordinary resolution approving the transactions contemplated under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions at the general meeting to be held by the Company.

A circular containing, among other things, a letter of advice from the independent financial adviser to both the Independent Board Committee and the Independent Shareholders and a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the details of the general meeting to be held to approve the provision of Deposit Services under the Financial Services Agreement as well as the proposed annual caps for the aforementioned transactions, will be dispatched to the Shareholders on or before 20 May 2021 in accordance with the Listing Rules.

Although the provision of Credit Loan Services and Settlement Services and other financial services under the Financial Services Agreement are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules, the Company will seek Independent Shareholders' approval for the aforementioned transactions pursuant to the requirements under the Shanghai Listing Rules.

As at the date of this announcement, Liaoning Port Group is an indirect holding company of the Company and it is therefore a connected person of the Group as defined under Rule 14A.07 of the Listing Rules. As such, the transactions under the Construction Management and Supervision Services Agreement, the Lease Agreement, the Supply of Goods and Services Agreement, the Purchase of Goods and Services Agreement and the Terminal Facilities Design and Construction Services Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

In accordance with the China Standards on Auditing, the Group will recognise right-of-use assets in its consolidated statement of financial position in respect of the lease of Properties from Liaoning Port Group other than those with short-term or low-value under the Lease Agreement. Accordingly, those transactions under the Lease Agreement will be regarded as an acquisition of assets by the Group pursuant to the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for each of the transactions under the section headed “3. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders’ Approval Requirement” is, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement and Terminal Facilities Design and Construction Services Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, consider that the transactions contemplated under the Construction Management and Supervision Services Agreement, the Lease Agreement and Terminal Facilities Design and Construction Services Agreement are in the Group’s ordinary and usual course of business, on normal commercial terms or better to the Group, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors, including the independent non-executive Directors, also consider the proposed annual caps for each of the three years ending 31 December 2021, 2022 and 2023 for the relevant transactions are fair and reasonable.

As one or more of the applicable percentage ratios for each of the transactions under the sections headed “4. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement and Independent Shareholders’ Approval Requirements” is, on an annual basis, more than 5% and the proposed annual caps for such transactions are more than HK\$10,000,000, the transactions contemplated under the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement are subject to the reporting, annual review, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Directors (excluding the independent non-executive Directors who will give their opinion in the circular based on the recommendation of the independent financial adviser) consider that the transactions contemplated under the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement as well as the proposed annual caps for the aforementioned transactions for each of the three years ending 31 December 2021, 2022 and 2023 are in the Group's ordinary and usual course of business, on normal commercial terms or better to the Group, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

For the purpose of obtaining the Independent Shareholders' approval as well as the proposed annual caps for the aforementioned transactions for each of the three years ending 31 December 2021, 2022 and 2023, the Company will convene a general meeting pursuant to the Listing Rules.

Each of Mr. WEI Minghui, Mr. SUN Dequan, Mr. QI Yue, Mr. CAO Dong, Mr. YUAN Yi and Ms. NA Danhong, being a Director also holding a management position or directorship with CMG or its associates (other than the Group), has abstained from voting on the board resolution approving the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors attending the board meeting has a material interest in or is required to abstain from voting on the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement as well as the proposed annual caps for the aforementioned transactions. An independent financial adviser will be appointed to advise the Independent Board Committee to the Independent Shareholders on the same. CMG and its associates will abstain from voting on the ordinary resolution approving the transactions contemplated under the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement as well as the proposed annual caps for the aforementioned transactions at the AGM to be held by the Company.

A circular containing, among other things, a letter of advice from the independent financial adviser to both the Independent Board Committee and the Independent Shareholders and a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the details of the general meeting to be held to approve the Supply of Goods and Services Agreement and the Purchase of Goods and Services Agreement as well as the proposed annual caps for the aforementioned transactions, will be dispatched to the Shareholders on or before 20 May 2021 in accordance with the Listing Rules.

Although the transactions contemplated under Construction Management and Supervision Services Agreement, the Lease Agreement and Terminal Facilities Design and Construction Services Agreement are exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, the Company will seek Independent Shareholders' approval for the aforementioned agreements and the transactions thereunder pursuant to the requirements under the Shanghai Listing Rules.

7. GENERAL INFORMATION

The Group is principally engaged in oil/liquefied chemical terminal and the related logistics services (oil segment); container terminal and related logistics services (container segment); automobile terminal and related logistics services (automobile terminal segment); bulk and general cargo terminal and related logistics services (bulk and general cargo segment); bulk grain terminal and related logistics services (bulk grain segment); passenger and roll-on, roll-off terminal and related logistics services (passenger and ro-ro segment) and value-added and ancillary port operations (value-added services segment).

CMG Finance is beneficially wholly-owned by CMG and incorporated in the PRC. Its principal business activities include (i) provision of financial advice, credit authentication and relevant consulting and agency services for members of the CMG Group (the “**CMG Group Members**”); (ii) assistance in collection and payment of transaction money for CMG Group Members; (iii) provision of guarantees for CMG Group Members; (iv) entrusted loan services between CMG Group Members; (v) bills acceptances and discount services for CMG Group Members; (vi) internal money transfer and settlement and relevant settlement and clearance arrangement between CMG Group Members; (vii) internal money deposit services; (viii) loan and lease financing services for CMG Group Members; (ix) inter-bank lending business for CMG Group Members; (x) underwriting corporate bond of CMG Group Members; (xi) marketable securities investment (fixed income).

CMG is an enterprise wholly-owned by the PRC Government (the State Council of the PRC) and supervised by the SASAC. It mainly provides services in three sectors, including transportation and related infrastructure, financial investment and asset management, and industry park and property development and management.

Liaoning Port Group is a limited liability company established in the PRC and is principally engaged in international and domestic cargo handling, transportation, transshipment, warehousing and other port business and logistics services, providing waiting and boarding facilities and services for passengers, tugboat business, port logistics and port information technology consulting services. It is owned by China Merchants Liaoning with 51% equity interests and is ultimately controlled by CMG.

8. DEFINITIONS

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

“2018 Announcement and Circular”	the Company’s announcement dated 9 November 2018 and the circular dated 13 November 2018;
“2019 Announcement and Circular”	the Company’s announcement dated 20 December 2019 and the circular dated 13 January 2020;
“AGM”	the annual general meeting of the Company;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;

“China Merchants Liaoning”	China Merchants (Liaoning) Port Development Company Limited (招商局(遼寧)港口發展有限公司), a limited liability company established in the PRC and is ultimately owned by CMG;
“CMG”	China Merchants Group Limited (招商局集團有限公司), a State wholly-owned enterprise established under the laws of the PRC on 14 October 1986 under the direct control of the SASAC;
“CMG Finance”	China Merchants Group Finance Co., Ltd.* (招商局集團財務有限公司) formerly known as Sinotrans & CSC Finance Co., Ltd. (中外運長航財務有限公司), a company which is beneficially wholly-owned by CMG and incorporated in the PRC on 17 May 2011;
“CMG Group”	CMG and its subsidiaries;
“Company”	Liaoning Port Co., Ltd.* (遼寧港口股份有限公司), a joint stock limited company incorporated in the PRC;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Construction Management and Supervision Services”	the construction project management services, engineering services and consultancy services provided by Liaoning Port Group or the Group to each other (as the case maybe) under the Construction Management and Supervision Services Agreement;
“Construction Management and Supervision Services Agreement”	the framework agreement in relation to the construction management and supervision services entered into between the Company and Liaoning Port Group on 28 April 2021;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Credit Loan Services”	credit, credit loan and guarantee services to be provided by CMG Finance to the Group pursuant to the Financial Services Agreement;
“Deposit Services”	depository services to be provided by CMG Finance to the Group pursuant to the Financial Services Agreement;
“Director(s)”	the director(s) of the Company;
“Financial Services Agreement”	the framework agreement entered into by the Company and CMG Finance on 28 April 2021 in regard to provision of Deposit Services, Credit Loan Services, Settlement Services and other financial services by CMG Finance to the Group;
“Group”	the Company and its subsidiaries;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely LI Zhiwei, LIU Chunyan and LAW Man Tat;
“Independent Shareholders”	Shareholders other than CMG and its associates;
“Lease Agreement”	the framework agreement in relation to the leasing of Properties entered into between the Company and Liaoning Port Group on 28 April 2021;
“Liaoning Port Group”	Liaoning Port Group Limited (遼寧港口集團有限公司), formerly known as Liaoning North East Asia Gang Hang Development Co., Ltd. (遼寧東北亞港航發展有限公司), a limited liability company established in the PRC on 27 November 2017;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules;
“Purchase of Goods and Services”	the purchase of goods including network and information office equipment, office supplies, accessories, software, gasoline and diesel, and services including water and heating supply, production facilities and equipment maintenance, greening, commuting, canteen, medical examination, printing, conference services and other related or similar services, port facilities security services, cargo dues services, tugboat services, mechanical operation, warehouse services, property management, network system maintenance, software development services and other related or similar services provided by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) to the Group;

“Purchase of Goods and Services Agreement”	the framework agreement in relation to the Purchase of Goods and Services entered into between the Company and Liaoning Port Group on 28 April 2021;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“Properties”	properties including real estate, warehouse, land, machinery and equipment, vehicles, port and wharf facilities, plant and other related assets legally owned by the Group or Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe);
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC;
“Settlement Services”	settlement and clearance services to be provided by CMG Finance to the Group pursuant to the Financial Services Agreement;
“Shanghai Listing Rules”	the Stock Listing Rules of the Shanghai Stock Exchange (上海證券交易所股票上市規則);
“Shareholders”	the shareholders of the Company;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Supply of Goods and Services”	the supply of goods including steaming, equipment and other accessories, and services including electricity and heating supply, tugboat, security, communication and other related engineering services, production facilities and equipment maintenance, port handling, port security services, port storage services, tally, ship and freight agency services, port passenger operation, berthing fee, mechanical operation, property management and other related or similar service provided by the Group to Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe);
“Supply of Goods and Services Agreement”	the framework agreement in relation to the Supply of Goods and Services entered into between the Company and Liaoning Port Group on 28 April 2021;

“Terminal Facilities Design and Construction Services”	the provision by Liaoning Port Group and its associates or subsidiary(ies) (as the case maybe) of terminal facilities design and construction services to the Group;
“Terminal Facilities Design and Construction Services Agreement”	the framework agreement in relation to Terminal Facilities Design and Construction Services entered into between the Company and Liaoning Port Group on 28 April 2021;
“%”	per cent.

By Order of the Board
Liaoning Port Co., Ltd.*
WANG Huiying LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
28 April 2021

As at the date of this announcement, the Board comprises:

Executive Directors: WEI Minghui, SUN Dequan and QI Yue

Non-executive Directors: CAO Dong, YUAN Yi and NA Danhong

Independent non-executive Directors: LI Zhiwei, LIU Chunyan and LAW Man Tat

* *The Company is registered as Non-Hong Kong Company under Part XI of the previous Companies Ordinance (equivalent to Part 16 of the Companies Ordinance with effect from 3 March 2014) under the English name “Liaoning Port Co., Ltd.”.*

* *For identification purposes only*