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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 REVISION OF ANNUAL CAPS UNDER THE OPERATION OUTSOURCING AGREEMENT 2022

Reference is made to the Announcement in relation to the Operation Outsourcing Agreement 2022, pursuant to which the Company may from time to time engage Rizhao Port Lanshan to provide stevedoring, storage and delivery services of grain cargoes, in Lanshan port area, for a term commencing from 12 January 2022 to 31 December 2024.

On 23 July 2024 (after trading hours), the Company entered into the Supplemental Agreement with Rizhao Port Lanshan to revise the Existing Annual Caps. Save for the revision of the Existing Annual Caps, all other terms and conditions under the Operation Outsourcing Agreement 2022 remain unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Rizhao Port Lanshan is a wholly-owned subsidiary of Rizhao Port, which is a controlling shareholder of the Company. Accordingly, Rizhao Port Lanshan is an associate of Rizhao Port 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 Operation Outsourcing Agreement 2022, the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

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

INTRODUCTION

Reference is made to the Announcement in relation to the Operation Outsourcing Agreement 2022, pursuant to which the Company may from time to time engage Rizhao Port Lanshan to provide stevedoring, storage and delivery services of grain cargoes, in Lanshan port area, for a term commencing from 12 January 2022 to 31 December 2024.

On 23 July 2024 (after trading hours), the Company entered into the Supplemental Agreement with Rizhao Port Lanshan to revise the Existing Annual Caps. Save for the revision of the Existing Annual Caps, all other terms and conditions under the Operation Outsourcing Agreement 2022 remain unchanged.

SUPPLEMENTAL AGREEMENT AND REVISION OF EXISTING ANNUAL CAPS

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

Date

23 July 2024 (after trading hours)

Parties

- (a) The Company; and
- (b) Rizhao Port Lanshan, a wholly-owned subsidiary of Rizhao Port, which is the controlling shareholder of the Company, and hence a connected person of the Company.

Subject matter

Pursuant to the Supplemental Agreement, the Existing Annual Caps under the Operation Outsourcing Agreement 2022 shall be revised to the Revised Annual Caps under the Supplemental Agreement.

The Existing Annual Caps under the Operation Outsourcing Agreement 2022 are set out as follows:

	For the years ending 31 December		
	2022	2023	2024
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Provision of stevedoring, storage and delivery services by Rizhao Port Lanshan	25,000,000	25,000,000	25,000,000

The Revised Annual Caps under the Supplemental Agreement are set out as follows:

	For the years ending 31 December		
	2022	2023	2024
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Provision of stevedoring, storage and delivery services by Rizhao Port Lanshan	25,000,000	25,000,000	41,000,000

Save for the revision of the Existing Annual Caps, all other terms and conditions of the Operation Outsourcing Agreement 2022 remain unchanged.

For the principal terms of the Operation Outsourcing Agreement 2022, please refer to the section headed “OPERATION OUTSOURCING AGREEMENT 2022” in the Announcement.

HISTORICAL AMOUNTS

The historical transaction amounts under the Operation Outsourcing Agreement 2022 are set out as follows:

	For the years ended		For the
	31 December		six months
	2022	2023	ended
	<i>RMB</i>	<i>RMB</i>	30 June
	(audited)	(audited)	2024
			<i>RMB</i>
			(unaudited)
Provision of stevedoring, storage and delivery services by Rizhao Port Lanshan	20,526,000	7,460,000	24,433,485

REVISED ANNUAL CAPS AND BASIS OF DETERMINATION

The Revised Annual Caps under the Supplemental Agreement were determined with reference to (a) the transaction amounts incurred for the six months ended 30 June 2024 in respect of the stevedoring, storage and delivery services provided by Rizhao Port Lanshan to the Company; and (b) the existing demand and the anticipated increase in demand for such services, taking into account the scale and operations of the grain import business of the Company.

The Board confirms that as at the date of this announcement, the transaction amounts under the Operation Outsourcing Agreement 2022 have not exceeded the Existing Annual Caps for the transactions contemplated under the Operation Outsourcing Agreement 2022 for the financial year ending 31 December 2024.

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.

Rizhao Port Lanshan, a company incorporated in the PRC with limited liability, is principally engaged in port operation, customs supervised cargo storage services (excluding hazardous chemicals), etc. Rizhao Port Lanshan is a wholly-owned subsidiary of Rizhao Port, which 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 SUPPLEMENTAL AGREEMENT

The transactions contemplated under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) are part of or in connection with the Company's principal business activities and are expected to grow the Company's revenue and/or provide the Company with overall business and operational convenience as well as synergistic benefits, which are favourable for the Company to increase its business volume in the market, stabilise its customer base, enhance its overall business strategic development, and strengthen its competitiveness in the regional market.

Taking into account the Company's grain storage cycle requirements and the status quo of its warehousing turnover capacity, in order to increase the Company's stevedoring volume, it is necessary to continue to engage Rizhao Port Lanshan for stevedoring and enter into the Supplemental Agreement with Rizhao Port Lanshan to increase the Existing Annual Caps under the Operation Outsourcing Agreement 2022.

The terms of the Operation Outsourcing Agreement 2022 (as amended by the Supplemental 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 Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) (including the Revised Annual Caps) 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 Supplemental Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the Board resolutions approving the Supplemental 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 Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) are fair and reasonable and no less favourable than the terms offered to the Company from the Independent Third Parties:

- (a) The finance office of the Company will perform monthly review on the transactions entered into under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) to ensure compliance with pricing policies and that the Revised Annual Caps will not be exceeded;
- (b) The relevant office of the Company carrying out the specific connected transactions under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) with Rizhao Port Lanshan will closely monitor the actual transaction amount on a monthly basis. If the actual transaction amount reaches approximately 85% of the Revised Annual Caps 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 Revised Annual Caps and comply with the relevant announcement and/or shareholders' approval requirements in accordance with the Listing Rules;
- (c) The finance office of the Company will report to the audit committee of the Company and the Board as necessary to ensure that the Revised Annual Caps are not exceeded;
- (d) 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 Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) and the pricing policies are complied with;
- (e) The auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) in accordance with the Listing Rules; and
- (f) 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, Rizhao Port Lanshan is a wholly-owned subsidiary of Rizhao Port, which is a controlling shareholder of the Company. Accordingly, Rizhao Port Lanshan is an associate of Rizhao Port 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 Operation Outsourcing Agreement 2022, the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest of all applicable percentage ratios in respect of the Revised Annual Caps is higher than 0.1% but less than 5% on an annual basis, the entering into of the Supplemental Agreement is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under 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:

“Announcement”	the announcement of the Company dated 12 January 2022
“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
“Existing Annual Caps”	the existing annual caps for the transactions contemplated under the Operation Outsourcing Agreement 2022 for the three financial years ending 31 December 2024 as disclosed in the Announcement
“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
“Operation Outsourcing Agreement 2022”	the operation outsourcing agreement dated 12 January 2022 entered into between the Company and Rizhao Port Lanshan
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Revised Annual Caps”	the proposed revised annual caps for the transactions contemplated under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement) for the financial years ending 31 December 2024

“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
“Rizhao Port Lanshan”	Rizhao Port Lanshan Port Services Co., Ltd.* (日照港股份嵐山港務有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Rizhao Port
“RMB”	Renminbi, the lawful currency of the PRC
“Supplemental Agreement”	the supplemental agreement to the Operation Outsourcing Agreement 2022 dated 23 July 2024 entered into between the Company and Rizhao Port Lanshan
“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.
Zhou Tao
Chairman

Rizhao, PRC, 23 July 2024

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