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

(Stock Code: 6117)

SUPPLEMENTAL ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
OPERATION OUTSOURCING AGREEMENT

Reference is made to the announcement of Rizhao Port Jurong Co., Ltd. (the “**Company**”) dated 18 November 2019 in relation to the continuing connected transactions contemplated under the Operation Outsourcing Agreement (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information in relation to the continuing connected transactions contemplated under the Operation Outsourcing Agreement.

SUPPLEMENTAL INFORMATION IN RELATION TO OPERATION OUTSOURCING AGREEMENT

Nature of transaction

Pursuant to the Operation Outsourcing Agreement, the Company may from time to time engage Lanshan Branch of Rizhao Port to provide stevedoring, storage and delivery services of grain cargoes, in Lanshan port area.

Pricing Policy

The fee charged for the services provided by Lanshan Branch of Rizhao Port shall be determined through arm's length negotiations by the parties and based on normal commercial terms with reference to (a) qualification of service providers in stevedoring of grain cargoes in Lanshan port area; (b) the prevailing market price for the provision of similar types of services in the same or nearby service area by independent third parties; (c) the actual services to be provided, the volume of cargoes to be handled and the duration of storage of cargoes; and (d) the historical prices offered to independent third party service providers.

- (1) For the provision of stevedoring and delivery services of grain cargoes, the fee charged will be determined through the evaluation conducted by an independent third party with reference to the operation process of the same or similar types of services in the port, the complexity of storage of the cargoes, the cost of providing such services, the fees charged within the industry, as well as the historical prices offered to independent third party service providers. The Company will also take into account that Lanshan Branch of Rizhao Port is the only port operator with the qualification of stevedoring grain cargoes approved by the governmental authority in the Lanshan port area.
- (2) For the provision of storage services of grain cargoes, the fee charged will be determined with reference to the storage process, duration and quality requirements for such services, the storage prices charged by Lanshan Branch of Rizhao Port to other customers, the fee charged within the industry, as well as prices comparison of fees charged by the Company to other customers in respect of such services.

Before entering into any agreements pursuant to the Operation Outsourcing Agreement, the Company will obtain quotations from two or more independent third party service providers through price inquiry. The finance department of the Company will perform the comparison of the fee quotations in accordance with the pricing policy to ensure that the terms of the continuing connected transactions contemplated under the Operation Outsourcing Agreement are fair and reasonable and no less favourable than the terms offered to the Company from independent third parties.

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 are fair and reasonable and no less favourable than the terms offered to the Company from independent third parties:

- (a) The finance department of the Company will perform half-yearly check on the transactions entered under the Operation Outsourcing Agreement to ensure compliance with pricing policies and that the proposed annual caps are not exceeded.
- (b) The relevant department of the Company carrying out the specific connected transactions under the Operation Outsourcing Agreement with Lanshan Branch of Rizhao Port will monitor the actual transaction amount. If the actual transaction amount exceeds the estimated transaction amount forming the basis of the annual caps, the relevant department will report to the Board and the Company will revise the annual cap and comply with the relevant announcement and/or shareholders' approval requirements in accordance with the Listing Rules.

- (c) 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 and the pricing policies are complied with.
- (d) 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 in accordance with the Listing Rules.

By Order of the Board
Rizhao Port Jurong Co., Ltd.
Zhang Baohua
Chairman

Rizhao, PRC, 22 November 2019

As at the date of this announcement, the Board comprises Mr. Zhang Baohua as Chairman and non-executive Director; Mr. He Zhaodi as executive Director; Mr. Ng Chee Keong, Mr. Ooi Boon Hoe, Mr. Shi Ruxin and Mr. Jiang Zidan as non-executive Directors; Mr. Zhang Zixue and Mr. Wu Xibin as independent non-executive Directors.