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**日照港裕廊股份有限公司**  
**Rizhao Port Jurong Co., Ltd.**

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

**(Stock Code: 6117)**

## **CONTINUING CONNECTED TRANSACTION OPERATION OUTSOURCING AGREEMENT**

On 18 November 2019 (after trading hours), the Company entered into the Operation Outsourcing Agreement with Lanshan Branch of Rizhao Port for a term commencing on 18 November 2019 and ending on 31 December 2020.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Rizhao Port is a substantial shareholder of the Company holding approximately 50.6% of the total issued share capital of the Company and hence is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Operation Outsourcing Agreement and the transactions contemplated thereunder constitutes 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 caps under the Operation Outsourcing Agreement is higher than 0.1% but less than 5% on an annual basis, the Operation Outsourcing Agreement is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

### **INTRODUCTION**

On 18 November 2019 (after trading hours), the Company entered into the Operation Outsourcing Agreement with Lanshan Branch of Rizhao Port for a term commencing on 18 November 2019 and ending on 31 December 2020.

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

**Date**

18 November 2019 (after trading hours)

**Parties**

- (a) The Company; and
- (b) Lanshan Branch of Rizhao Port, a branch of Rizhao Port, the controlling shareholder of the Company, and hence a connected person of the Company.

**Term**

From 18 November 2019 to 31 December 2020

**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 grains cargo, 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) the specific type of cargo and the services in relation thereto; and (b) the prevailing market price for the provision of similar types of services in the same or nearby service area by independent third parties. The terms upon which the services to be provided by Lanshan Branch of Rizhao Port to the Company shall be no less favourable than the terms obtained by the Company from independent third parties for similar types of services in the same or nearby service area.

In order to ensure that the fee is fair and reasonable and in line with prevailing market price, the Company will obtain quotations or compare the amount of fees offered by other independent third parties before it decides to engage Lanshan Branch of Rizhao Port to provide stevedoring, storage and delivery services in Lanshan port area.

## HISTORICAL AMOUNTS

During the period from 1 January 2019 and up to the date of this announcement, the historical transaction amounts with Lanshan Branch of Rizhao Port in relation to such stevedoring, storage and delivery services were nil.

## PROPOSED ANNUAL CAPS

The proposed annual caps for the transactions contemplated under the Operation Outsourcing Agreement for the period from 18 November 2019 to 31 December 2019 and for the financial year ending 31 December 2020 are set out as follows:

	<b>For the period from 18 November 2019 to 31 December 2019 RMB</b>	<b>For the year ending 31 December 2020 RMB</b>
Provision of stevedoring, storage and delivery services by Lanshan Branch of Rizhao Port	10,000,000	25,000,000

The proposed annual caps for the amount payable by the Company to Lanshan Branch of Rizhao Port were determined with reference to (a) the existing demand for such services; and (b) the anticipated increase in the demand for such services, taking into account the anticipated growth and development of the scale and operations of the grain import business of the Company.

## 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.

Lanshan Branch of Rizhao Port, a branch of Rizhao Port, is principally engaged in cargo transshipping, stevedoring, handling and storage services and operation.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The transactions contemplated under the Operation Outsourcing Agreement are part of or related to the principal business activities of the Company and are expected to either increase the revenue of the Company, and/or provide the Company with overall business and operational convenience and synergy, which is beneficial to the Company for improving its business volume in the market, stabilizing its customers, enhancing its development of comprehensive business strategy and promoting its regional market competitive advantage.

The terms of the Operation Outsourcing 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 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.

As Mr. Zhang Baohua, being the non-executive Director, holds a position in Rizhao Port, he has abstained from voting on the relevant board resolutions approving the Operating Outsourcing Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors have any material interest in the Operating Outsourcing Agreement and the transactions contemplated thereunder or were otherwise required to abstain from voting in respect of the relevant board resolutions.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Lanshan Branch of Rizhao Port is a branch of Rizhao Port, which is a controlling shareholder of the Company, holding approximately 50.6% of the total issued share capital of the Company, and hence is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Operation Outsourcing Agreement and the transactions contemplated thereunder constitutes 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 caps under the Operation Outsourcing Agreement is higher than 0.1% but less than 5% on an annual basis, the Operation Outsourcing Agreement is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and 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:

“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
“connected person”	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 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
“Lanshan Branch of Rizhao Port”	Lanshan stevedoring branch of Rizhao Port (日照港股份有限公司嵐山裝卸分公司)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Operation Outsourcing Agreement”	the operation outsourcing agreement entered into between the Company and Lanshan Branch of Rizhao Port on 18 November 2019
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)

“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司), a company established in the PRC with limited liability whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600017), the controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“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.**  
**Zhang Baohua**  
*Chairman*

Rizhao, PRC, 18 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.*