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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 FURTHER REVISION OF ANNUAL CAPS UNDER THE OPERATION OUTSOURCING AGREEMENT 2022

References are made to the Announcements in relation to the Operation Outsourcing Agreement 2022 and the Supplemental Agreement I, 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 29 October 2024 (after trading hours), the Company entered into the Supplemental Agreement II 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 (as amended by the Supplemental Agreement I) 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 Agreements 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 5% on an annual basis, the entering into of the Supplemental Agreement II is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Supplemental Agreement II (including the Revised Annual Caps) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

An independent financial adviser will be appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, Rizhao Port and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolutions approving the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further information on the Supplemental Agreement II; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.rzportjurong.com) and provided to the Shareholders upon request. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be published and provided to the Shareholders upon request on or before 15 December 2024.

INTRODUCTION

References are made to the Announcements in relation to the Operation Outsourcing Agreement 2022 and the Supplemental Agreement I, 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 29 October 2024 (after trading hours), the Company entered into the Supplemental Agreement II 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 (as amended by the Supplemental Agreement I) remain unchanged.

SUPPLEMENTAL AGREEMENT II AND REVISION OF EXISTING ANNUAL CAPS

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

Date

29 October 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 II, the Existing Annual Caps under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) shall be revised to the Revised Annual Caps under the Supplemental Agreement II.

The Existing Annual Caps under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) 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

The Revised Annual Caps under the Supplemental Agreement II 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	58,000,000

Save for the revision of the Existing Annual Caps, all other terms and conditions of the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) remain unchanged.

For the principal terms of the Operation Outsourcing Agreement 2022 and the Supplemental Agreement I, please refer to the sections headed “OPERATION OUTSOURCING AGREEMENT 2022” and “SUPPLEMENTAL AGREEMENT AND REVISION OF EXISTING ANNUAL CAPS” in the Announcements.

HISTORICAL AMOUNTS

The historical transaction amounts under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) are set out as follows:

	For the years ended		For the nine months
	31 December		ended 30
	2022	2023	September
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)	(unaudited)
Provision of stevedoring, storage and delivery services by Rizhao Port Lanshan	20,526,000	7,460,000	36,946,203.07

REVISED ANNUAL CAPS AND BASIS OF DETERMINATION

The Revised Annual Caps under the Supplemental Agreement II were determined with reference to (a) the transaction amounts incurred for the nine months ended 30 September 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 (as amended by the Supplemental Agreement I) have not exceeded the Existing Annual Caps for the transactions contemplated under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) 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 II

The entering into of the Supplemental Agreement II with Rizhao Port Lanshan was based on the Company's grain storage cycle requirements and the current warehousing turnover capacity. There are uncertainties in storage time of cargoes and the grain cargoes stevedored by Rizhao Port Lanshan have not yet been delivered, which will continue to incur storage costs subsequently.

The transactions contemplated under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreements) are part of or related to 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 will be conducive to the Company in terms of increasing the business volumes in the market, stabilizing the customer base, enhancing the strategic development of overall business, and strengthening the competitive advantages in the regional market.

The terms of the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreements) have been arrived at after arm's length negotiations between the parties. The Directors (excluding all the independent non-executive Directors who will give their opinion based on the recommendations from the independent financial adviser) have confirmed that the transactions contemplated the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreements) (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 II and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Supplemental Agreement II 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 Agreements) 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 Agreements) 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 Agreements) 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 Agreements) 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 Agreements) 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

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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 5% on an annual basis, the entering into of the Supplemental Agreement II is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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An independent financial adviser will be appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, Rizhao Port and its associates are interested in 840,000,000 Domestic Shares, representing approximately 50.6% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolutions approving the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further information on the Supplemental Agreement II; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM with the proxy form will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.rzportjurong.com) and provided to the Shareholders upon request. As additional time is required for the Company to prepare the information to be included in the circular, the circular is expected to be published and provided to the Shareholders upon request on or before 15 December 2024.

DEFINITIONS

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

“Announcements”	the announcements of the Company dated 12 January 2022 and 23 July 2024 in relation to the Operation Outsourcing Agreement 2022 and the Supplemental Agreement I, respectively
“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
“EGM”	an extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder
“Existing Annual Caps”	the existing annual caps for the transactions contemplated under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) for the three financial years ending 31 December 2024 as disclosed in the Announcements
“H Share(s)”	overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each, listed and traded on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin, established to advise the Independent Shareholders in respect of the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Supplemental Agreement II, the Revised Annual Caps and the transactions contemplated thereunder
“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 Agreements) 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 I”	the supplemental agreement to the Operation Outsourcing Agreement 2022 dated 23 July 2024 entered into between the Company and Rizhao Port Lanshan
“Supplemental Agreement II”	the supplemental agreement to the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) dated 29 October 2024 entered into between the Company and Rizhao Port Lanshan

“Supplemental Agreements”	collectively, the Supplemental Agreement I and the Supplemental Agreement II
“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, 29 October 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.