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

(Stock Code: 6117)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

During the Reporting Period:

- Revenue of the Company was RMB542.783 million, representing an increase of 2% as compared with the same period of last year;
- Net profit attributable to shareholders of the Company was RMB141.131 million, representing a decrease of 5% as compared with the same period of last year;
- Earnings per share of the Company was RMB9.78 cents; and
- The Board recommended a final dividend of RMB0.024 per Share (tax inclusive) to the Shareholders.

The board (the “**Board**”) of directors (the “**Directors**”) of Rizhao Port Jurong Co., Ltd. (the “**Company**”) is pleased to announce the audited financial results (the “**Final Results**”) of the Company for the year ended 31 December 2019 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2018. The Final Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	Year ended 31 December	
		2019 RMB'000	2018 RMB'000
Revenue	4	542,783	532,061
Cost of sales		<u>(303,218)</u>	<u>(307,917)</u>
Gross profit		239,565	224,144
Other income	6	8,170	1,259
Other (losses)/gains, net		(561)	129
Impairment losses, net of reversal		9	221
Selling and distribution expenses		(4,534)	(2,765)
Administrative expenses		(13,752)	(12,243)
Listing expenses		(12,363)	(6,468)
Finance costs	7	<u>(27,812)</u>	<u>(5,668)</u>
Profit before income tax	8	188,722	198,609
Income tax expense	9	<u>(47,591)</u>	<u>(49,457)</u>
Profit and total comprehensive income attributable to the owners of the Company for the year		<u>141,131</u>	<u>149,152</u>
Earnings per share for profit attributable to the owners of the Company			
– Basic and diluted (<i>expressed in RMB</i>)	10	<u>9.78 cents</u>	<u>12.43 cents</u>

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		As at 31 December	
		2019	2018
	Notes	RMB'000	RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	1,917,310	1,262,184
Deposits for purchase of property, plant and equipment		985	7,615
Investment properties	13	310,771	318,546
Intangible assets		1,888	2,039
Other non-current assets		1,375	7,636
		<u>2,232,329</u>	<u>1,598,020</u>
Current assets			
Inventories		4,097	3,901
Trade and other receivables	14	67,020	34,641
Bills receivable at fair value through other comprehensive income (“FVTOCI”)	15	7,956	15,808
Contract assets		1,733	9,687
Cash and cash equivalents		198,107	55,491
		<u>278,913</u>	<u>119,528</u>
Current liabilities			
Trade and other payables	16	38,014	60,052
Contract liabilities		84	1,603
Lease liabilities	17	13,312	–
Advance payments from lease contract	18	2,375	2,375
Bank borrowings	19	25,000	–
Income tax payable		7,171	3,276
Dividends payable		–	210,000
		<u>85,956</u>	<u>277,306</u>
Net current assets/(liabilities)		<u>192,957</u>	<u>(157,778)</u>
Total assets less current liabilities		<u>2,425,286</u>	<u>1,440,242</u>

		As at 31 December	
		2019	2018
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Lease liabilities	17	207,875	–
Advanced payments from lease contract	18	21,969	24,344
Bank borrowings	19	75,000	–
Deferred tax liabilities		6,450	8,282
		<u>311,294</u>	<u>32,626</u>
Net assets		<u>2,113,992</u>	<u>1,407,616</u>
CAPITAL AND RESERVES			
Share capital	20	1,660,000	1,200,000
Reserves		453,992	207,616
Total equity		<u>2,113,992</u>	<u>1,407,616</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	<i>Note</i>	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2019		<u>1,200,000</u>	<u>-</u>	<u>159,077</u>	<u>16,385</u>	<u>32,154</u>	<u>1,407,616</u>
Total comprehensive income for the year							
Profit and total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,131</u>	<u>141,131</u>
Transactions with owners							
Issue of new shares in the public offer	20	400,000	127,820	-	-	-	527,820
Issue with shares in over-allotment	20	60,000	19,002	-	-	-	79,002
Listing expense	20	-	(41,577)	-	-	-	(41,577)
Appropriation for statutory reserve		<u>-</u>	<u>-</u>	<u>-</u>	<u>14,378</u>	<u>(14,378)</u>	<u>-</u>
Total transactions with owners		<u>460,000</u>	<u>105,245</u>	<u>-</u>	<u>14,378</u>	<u>(14,378)</u>	<u>565,245</u>
Balance at 31 December 2019		<u><u>1,660,000</u></u>	<u><u>105,245</u></u>	<u><u>159,077</u></u>	<u><u>30,763</u></u>	<u><u>158,907</u></u>	<u><u>2,113,992</u></u>

	<i>Note</i>	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2018		1,170,000	–	–	48,471	289,993	1,508,464
Total comprehensive income for the year							
Profit and total comprehensive income for the year		–	–	–	–	149,152	149,152
Transactions with owners							
Conversion into joint stock limited liability company		30,000	–	159,077	(48,471)	(140,606)	–
Appropriation for statutory reserve		–	–	–	16,385	(16,385)	–
Dividends	11	–	–	–	–	(250,000)	(250,000)
Total transactions with owners		30,000	–	159,077	(32,086)	(406,991)	(250,000)
Balance at 31 December 2018		<u>1,200,000</u>	<u>–</u>	<u>159,077</u>	<u>16,385</u>	<u>32,154</u>	<u>1,407,616</u>

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Rizhao Port Jurong Co., Ltd. (the “**Company**”) is a joint stock company incorporated in the People’s Republic of China (the “**PRC**”) with limited liability. The registered office and headquarter of the Company is at South End, Haibin 5th Road, Rizhao City, Shandong Province, the PRC.

The Company’s immediate holding company is Rizhao Port Co., Ltd. (“**Rizhao Port**”), a joint stock company incorporated in the PRC with limited liability and its shares are listed for trading on the Main Board of Shanghai Stock Exchange (Stock Code: 600017). The directors of the Company consider the ultimate holding company to be Rizhao Port Group Co., Ltd. (“**Rizhao Port Group**”), a company incorporated in the PRC with limited liability.

The Company is primarily engaged in port operation in Rizhao City, Shandong Province of the PRC, providing comprehensive port-related services, including stevedoring, berth leasing, port management, storage, and logistics agency services, primarily covering soybeans, woodchips, dried tapioca and, to a lesser extent, other cargo types including maize and wheat.

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”), International Accounting Standards (“**IASs**”), and the interpretations of International Financial Reporting Interpretations Committee (“**IFRIC**”) and Standing Interpretations Committee (“**SIC**”). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended IFRSs and their impacts on the financial statements, if any, are disclosed in note 3.

The financial statements have been prepared on the historical cost basis except for bills receivable which are stated in fair values.

3. ADOPTION OF NEW AND AMENDED IFRSs

New and amended IFRSs that are effective for annual periods beginning on or after 1 January 2019

In the current year, the Company has applied for the first time the following new and amended IFRSs issued by IASB, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning on 1 January 2019:

IFRS 16	<i>Leases</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2015-2017 Cycle</i>
IFRIC – Int 23	<i>Uncertainty over Income Tax Treatments</i>

Other than as noted below, the adoption of the new and amended IFRSs had no material impact on how the results and financial position for the current and prior period have been prepared and presented.

IFRS 16 Leases (“IFRS 16”)

IFRS 16 “Leases” replaces IAS 17 “Leases” along with three Interpretations (IFRIC – Int 4 “Determining whether an Arrangement contains a Lease”, SIC – Int 15 “Operating Leases-Incentives” and SIC – Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”). IFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current year. Prior years have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC – Int 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC – Int 4.

As a Lessee

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The Company has already recognised the land use rights where the Company is a lessee. The application of IFRS 16 does not have impact on these assets except for the whole balance is now presented as right-of-use assets in “Property, plant and equipment” under non-current assets.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The incremental borrowing rates applied to lease liabilities recognised under IFRS 16 are ranged from 6.55% to 9.82%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	At 1 January 2019 RMB'000
Total operating lease commitments disclosed at 31 December 2018	284,182
Less: Recognition exemption – short-term leases	<u>(312)</u>
Gross operating lease obligations at 1 January 2019	283,870
Discounting	<u>(118,410)</u>
Lease liabilities discounted at relevant incremental borrowing rates at 1 January 2019	165,460
Add: Renewal options reasonably certain to be exercised	<u>57,523</u>
Total lease liabilities recognised under IFRS 16 at 1 January 2019	<u><u>222,983</u></u>
Classified as:	
Current	10,385
Non-current	<u>212,598</u>
	<u><u>222,983</u></u>

As a Lessor

Upon initial application of IFRS 16, the Company is not required to make any adjustment on transition for leases in which the Company is a lessor but account for these leases in accordance with IFRS 16. Comparative information is not restated.

Total impact arising from transition to IFRS 16

The following table summarises the impact of transition to IFRS 16 on the Company's statement of financial position at 1 January 2019:

	At 1 January 2019 RMB'000
Increase in property, plant and equipment	229,109
Decrease in prepayment for premises under operating leases included in other non-current assets	(6,126)
Increase in lease liabilities	<u>222,983</u>

Issued but not effective IFRSs

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Company.

IFRS 17	<i>Insurance Contracts</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IFRS 3	<i>Definition of a Business</i> ⁵
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> ¹
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i> ³

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 January 2022

4 Effective date not yet determined

5 Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The directors anticipate that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Company's accounting policies is provided below. Other new and amended IFRSs are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 and IAS 8 “Definition of Material”

The amendments clarify the definition of material and state that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. Materiality depends on nature or magnitude of information or both.

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;
- clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold “could influence” with “could reasonably be expected to influence” in the definition of material; and
- clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

Amendments to IAS 1 and IAS 8 are effective for annual reporting period beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on these financial statements.

4. REVENUE

The Company's revenue recognised during the year is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue from contracts with customers –		
Provision of services	464,655	455,768
Rental income from investment properties	78,128	76,293
	<hr/>	<hr/>
Total revenue	542,783	532,061
	<hr/> <hr/>	<hr/> <hr/>

Disaggregation of revenue from contracts with customers with the scope of IFRS 15

The Company derives revenue from the provision of services over time and at a point in time in the following types of services in the PRC:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Types of services		
Stevedoring service	406,315	413,751
Storage service	23,551	19,573
Port management services	11,673	13,587
Logistics agency services	23,116	8,857
	<hr/>	<hr/>
Total	464,655	455,768
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
Over time	441,539	446,911
At a point in time	23,116	8,857
	<hr/>	<hr/>
Total	464,655	455,768
	<hr/> <hr/>	<hr/> <hr/>

5. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses on revenue from rendering stevedoring and storage goods and ancillary services.

The management of the Company considers that the Company has one reportable operating segment. No operating segment information is presented other than the entity-wide disclosures.

Geographic information

The Company's revenue and profit are all derived from PRC. All non-current assets are located in the PRC.

Information about major customers

The following table sets out the revenue from customers contributing over 10% of the total revenue of the Company during the reporting period.

	2019 RMB'000	2018 <i>RMB'000</i>
Customer A	64,017	78,615
Customer B	58,581	<i>(note)</i>

Note: The Company had transactions with this customer but the amount of the transactions was less than 10% of revenue for 2018.

6. OTHER INCOME

	2019 RMB'000	2018 <i>RMB'000</i>
Interest income	664	851
Government subsidies <i>(note)</i>	6,000	–
Others	569	408
Exchange gains	937	–
	8,170	1,259

Note: Government subsidies mainly relates to the subsidies granted by the government in respect of operating and development activities and to provide financial support to the Company which are unconditional grants.

7. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest expense		
- Interest on bank borrowings	6,175	5,668
- Interest on lease liabilities	21,637	–
	<u>27,812</u>	<u>5,668</u>

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after (crediting)/charging the following:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Rental income from investment properties	78,128	76,293
Less: direct operating expenses incurred from investment properties	(7,775)	(7,811)
Net rental income from investment properties	<u>70,353</u>	<u>68,482</u>
Auditor's remuneration	1,607	1,319
Depreciation:		
- Property, plant and equipment	84,031	80,329
- Right-of-use assets (including prepaid lease payments upon initial adoption of IFRS 16)	19,100	–
- Investment properties	7,775	8,151
Amortisation of intangible assets	268	182
Total depreciation and amortisation charged to profit or loss	<u>111,174</u>	<u>88,662</u>
Lease charges:		
- Operating lease expense for berth, warehouse and land use rights in the PRC	–	58,721
- Short-term leases or leases with lease term less than 12 months under initial application of IFRS 16	457	–
- Leases of low-value items	470	–
Directors' and supervisors' emoluments	863	883
Other staff costs (exclude directors' and supervisors' emoluments):		
- Salaries, allowances and other benefits	41,951	36,075
- Retirement benefit scheme contributions	14,232	12,003
Total staff costs	<u>57,046</u>	<u>48,961</u>

9. INCOME TAX EXPENSE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax		
– PRC enterprise income tax (“EIT”)	49,423	46,875
– Over provision of EIT in prior year	<u>–</u>	<u>(483)</u>
	49,423	46,392
Deferred tax	<u>(1,832)</u>	<u>3,065</u>
	<u><u>47,591</u></u>	<u><u>49,457</u></u>

The provision for EIT were made based on estimation taxable profits calculated in accordance with income tax laws and regulations applicable in the PRC.

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and Provision for Implementation of the EIT Law, the tax rate of the Company is 25% for 2019 (2018: 25%).

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Earnings		
Profit for the year attributable to the owners of the Company	<u>141,131</u>	<u>149,152</u>
	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,443,232,877</u>	<u>1,200,000,000</u>
	2019	2018
Basic earnings per share (<i>RMB cents</i>)	<u>9.78</u>	<u>12.43</u>

The weighted average number of ordinary shares for the purposes of calculating basic earnings per share for the year ended 31 December 2019 comprises (i) 1,200,000,000 ordinary shares issued during the year; (ii) 214,794,521 ordinary shares represent the weighted average number of 400,000,000 ordinary shares issued under the offering (*note 20*), and (iii) 28,438,356 ordinary shares represent the weighted average number of 60,000,000 over-allotment of ordinary shares (*note 20*). The ordinary shares for the purposes of calculating basic earnings per share for the year ended 31 December 2018 represent the number of ordinary shares of the Company after share reform on 19 December 2018, and such shares were assumed to have issued on 1 January 2018.

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2019 and 2018. Therefore, the basic earnings per share are equal to the diluted earnings per share.

11. DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of RMB0.024 (tax inclusive) per share, totaling approximately RMB40,000,000 for the year ended 31 December 2019. Subject to the approval of shareholders at the forthcoming annual general meeting, the proposed final dividend will be paid on or before 31 August 2020 to shareholders whose names appear on the register of members of the Company on 27 May 2020 (2018: the Company declared dividends of RMB250,000,000, which were declared prior to the share reform of the Company on 19 December 2018).

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2019, the additions of property, plant and equipment excluding construction in progress and right-of-use assets, mainly for terminal facilities, buildings, loading equipment and communication facilities and other equipment, were RMB6,889,000 (2018: RMB6,222,000).

During the year ended 31 December 2019, the Company disposed of certain property, plant and equipment at the carrying amount of RMB941,000 (2018: RMB2,000), resulting in a loss on disposal of RMB907,000 (2018: gain on disposal of RMB7,000).

During the year ended 31 December 2019, the addition of construction in progress was RMB489,663,000 (2018: RMB19,951,000) and RMB280,124,000 (2018: RMB43,100,000) was transferred to certain items of property, plant and equipment.

Upon the initial adoption of IFRS 16 “Leases” on 1 January 2019, addition of right-of-use assets was RMB229,109,000.

13. INVESTMENT PROPERTIES

Terminal facilities RMB'000

At 1 January 2018

Cost	399,318
Accumulated depreciation	<u>(72,621)</u>

Net book amount 326,697

Year ended 31 December 2018

Opening net book amount	326,697
Depreciation	<u>(8,151)</u>

Closing net book amount 318,546

At 31 December 2018 and 1 January 2019

Cost	399,318
Accumulated depreciation	<u>(80,772)</u>

Net book amount 318,546

Year ended 31 December 2019

Opening net book amount	318,546
Depreciation	<u>(7,775)</u>

Closing net book amount 310,771

At 31 December 2019

Cost	399,318
Accumulated depreciation	<u>(88,547)</u>

Net book amount 310,771

14. TRADE AND OTHER RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	32,700	22,333
Less: ECL allowance of trade receivables	(847)	(680)
	31,853	21,653
Other receivables	–	100
Less: ECL allowance of other receivables	–	(2)
	–	98
Prepayments	272	1,860
Value-added tax receivables	34,895	3,985
Deferred issue costs	–	7,045
	35,167	12,988
Total trade and other receivables	67,020	34,641

The Company grants a credit period ranging from 15 to 90 days to its customers. Based on the invoice dates, the ageing analysis of the trade receivables, net of ECL allowance, was as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
0 – 30 days	20,383	18,295
31 – 60 days	9,057	3,358
61 – 90 days	2,048	–
Over 90 days	365	–
	31,853	21,653

15. BILLS RECEIVABLE AT FVTOCI

The following is the ageing analysis of the bills receivables based on the maturity date:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	7,956	14,708
Over 3 months but within 1 year	<u>–</u>	<u>1,100</u>
	<u>7,956</u>	<u>15,808</u>

16. TRADE AND OTHER PAYABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade payables		
- Due to related parties	7,519	3,730
- Due to third parties	<u>6,835</u>	<u>8,819</u>
	<u>14,354</u>	<u>12,549</u>
Other payables		
- Amounts due to related parties	14,672	24,179
- Other tax payables	409	349
- Payroll payable	2,779	2,645
- Retention payable due within one year	1,576	2,021
- Accrued issue cost and listing expenses	–	12,929
- Other payables	<u>4,224</u>	<u>5,380</u>
	<u>23,660</u>	<u>47,503</u>
Total trade and other payables	<u>38,014</u>	<u>60,052</u>

The Company was granted by its suppliers credit periods ranging 30 to 90 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	2019 RMB'000	2018 <i>RMB'000</i>
0 – 30 days	11,674	8,654
31 – 60 days	1,419	819
61 – 90 days	947	879
Over 90 days	314	2,197
	<u>14,354</u>	<u>12,549</u>

17. LEASE LIABILITIES

	2019 RMB'000
Total minimum lease payments:	
Due within 1 year	34,136
Due within 2 to 5 years	86,441
Due more than 5 years (include reasonably certain to be exercised of renewal options)	<u>634,971</u>
	755,548
Less: future lease liabilities finance charges	<u>(534,361)</u>
Present value of lease liabilities	<u>221,187</u>
	2019 RMB'000
Present value of minimum lease payments:	
Due within 1 year	13,312
Due within 2 to 5 years	6,465
Due more than 5 years	<u>201,410</u>
	221,187
Less: payment due within 1 year (presented under current liabilities)	<u>(13,312)</u>
Payment due after 1 year	<u>207,875</u>

18. ADVANCE PAYMENTS FROM LEASE CONTRACT

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Lease payments received in advance	24,344	26,719
Less: Advanced payments from lease contract	<u>(2,375)</u>	<u>(2,375)</u>
Non-current portion of lease payments	<u>21,969</u>	<u>24,344</u>

19. BANK BORROWINGS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Bank borrowings		
– Unsecured and unguaranteed	<u>100,000</u>	<u>–</u>

At the reporting date, the Company's bank borrowings were repayable as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within one year or on demand	25,000	–
After 1 year but within 2 years	75,000	–
After 2 years but within 5 years	<u>–</u>	<u>–</u>
	100,000	–
Less: Amount due within 1 year or on demand shown under current liabilities	<u>(25,000)</u>	<u>–</u>
Amount due after 1 year shown under non-current liabilities	<u>75,000</u>	<u>–</u>

All bank borrowings are denominated in RMB and interest-bearing in floating rate of approximately 4.75% (2018: Nil) per annum.

20. SHARE CAPITAL

	Foreign shares	Domestic shares	H shares	Number of shares	RMB'000
Issued and fully paid-up ordinary shares with par value of RMB1 each					
At 1 January 2018	351,000,000	819,000,000	–	1,170,000,000	1,170,000
Conversion into joint stock limited liability company	9,000,000	21,000,000	–	30,000,000	30,000
At 31 December 2018 and 1 January 2019	360,000,000	840,000,000	–	1,200,000,000	1,200,000
Foreign shares converted to H shares	(360,000,000)	–	360,000,000	–	–
Issue of share capital	–	–	460,000,000	460,000,000	460,000
At 31 December 2019	–	840,000,000	820,000,000	1,660,000,000	1,660,000

On 19 December 2018, the share capital of the Company has been increased to RMB1,200,000,000 upon the completion of conversion into a joint stock company with limited liability. Rizhao Port and Jurong Port Rizhao Holding Pte Ltd subscribes 70% and 30% of the total issued shares of the Company, respectively.

On 19 June 2019, 400,000,000 H shares of the Company with par value of RMB1 each have been issued at an issue price of HK\$1.50 each.

360,000,000 shares were foreign shares as at 31 December 2018 and 1 January 2019, which were converted into H shares of the Company upon the listing on 19 June 2019.

On 12 July 2019, additional 60,000,000 over-allotment were exercised and correspondingly 60,000,000 H shares of the Company with par value of RMB1 each have been issued at an issue price of HK\$1.50 each.

Issued at offer price of HK\$1.50 per share, with proceeds raised from the issue amounted to RMB606,822,000 on the main board of the Stock Exchange, after deduction of professional fees, underwriting commissions and other related listing expenses of RMB60,408,000, of which RMB41,577,000 were capitalised and RMB18,831,000 were expensed, the aggregate net proceeds amounted to RMB546,414,000.

21. CAPITAL COMMITMENTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	99,406	61,300

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL SITUATION

Macroeconomic Situation

In 2019, the economy of the PRC maintained the momentum of overall stability amidst sound and steady progress, with a gross domestic product (GDP) of RMB99.09 trillion, representing a year-on-year increase of 6.1%. In 2019, the total import and export value of the PRC's trade in cargoes amounted to RMB31.54 trillion, representing a year-on-year increase of 3.4%, of which, total export value amounted to RMB17.23 trillion, increased by 5.0% and total import value amounted to RMB14.31 trillion, increased by 1.6%. Foreign trade of the PRC has maintained a steady growth with a trend of qualitative development. (Source: National Bureau of Statistics of the PRC, the General Administration of Customs of the PRC)

Operation of the Port Industry

In 2019, the cargo throughput of the ports in the PRC achieved steady growth, which amounted to 13,951 million tonnes, representing an increase of 5.7% as compared with the same period of 2018, of which, foreign trade cargo throughput amounted to 4,321 million tonnes, representing a year-on-year increase of 4.8%, and coastal port cargo throughput amounted to 9,180 million tonnes, representing a year-on-year increase of 4.3%. The expected growth has been generally achieved.

In 2019, the supply-side structural reform of ports in the PRC has been accelerated. The ports in the coastal provinces of the PRC have basically formed the pattern of "one province and one port" to integrate port resources. Shandong Port Group Co., Ltd. was established to consolidate port resources from Qingdao port, Rizhao port, Yantai port and Bohai Bay port to effectively promote the development towards high-end and enhance the efficiency of the ports in the Shandong province. In 2019, the cargo throughput of the coastal ports in the Shandong province amounted to 1.61 billion tonnes, representing a year-on-year increase of 8.9%. (Source: Ministry of Transport of the PRC)

BUSINESS AND FINANCIAL REVIEW

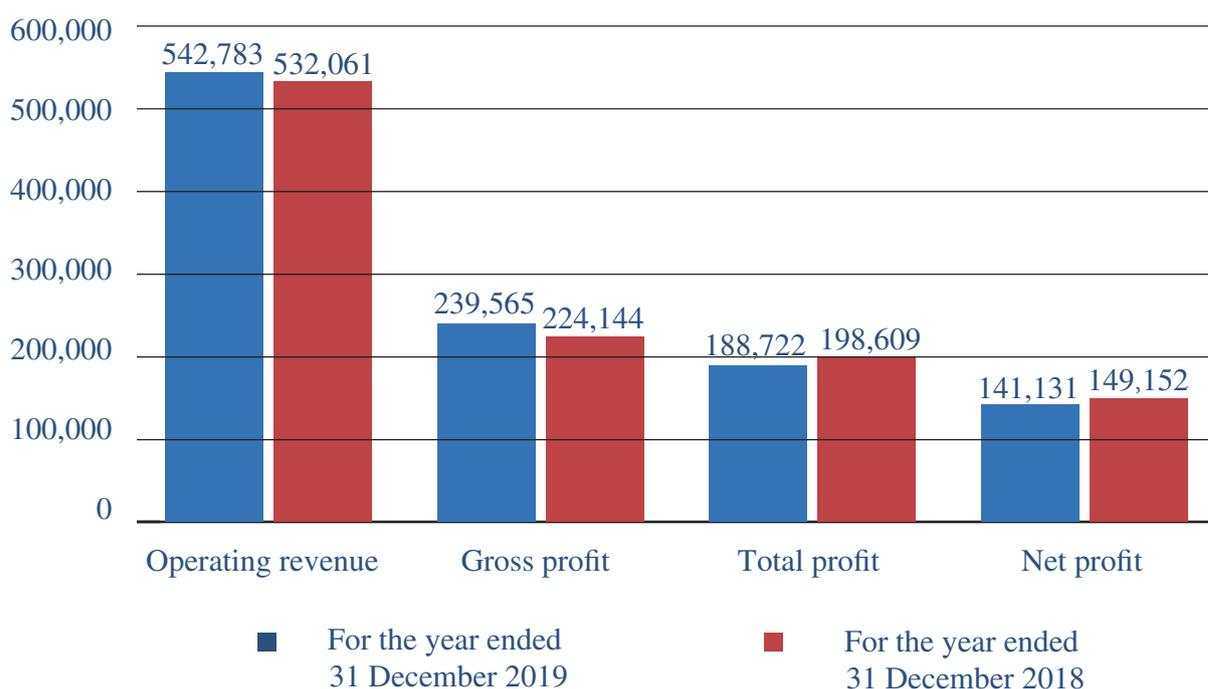
Overall Review

In 2019, with the focus on market development, the Company made use of its advantage in the operation of principal cargo types such as grains and woodchips, strived to develop maize business, optimized production process and implemented systematic efficiency improvement projects to enhance the efficiency of loading and unloading vessel cargos and trans-shipment. The Company also provided integrated services to extend the service chain and enhance profitability, and pushed forward the steady growth of the businesses through quality improvement and efficiency enhancement and innovation.

During the Reporting Period, the Company achieved 25.78 million tonnes of cargo throughput, representing a decrease of 0.5% as compared with the same period of 2018, which generally remained stable. In 2019, the throughput of soybeans, woodchips, dried tapioca of the Company recorded a decrease due to domestic market fluctuations in grain and oil, pulp and alcohol processing industries and the decrease in import volume of the PRC. According to the statistics from the General Administration of Customs of the PRC, the total import volume of grains in China was 111.44 million tonnes in 2019, representing a year-on-year decrease of 3.6%, of which, the import volume of soybeans was 88.51 million tonnes, representing a year-on-year increase of 0.5%, accounting for 79.4% to the total import volume of grains in the year; and the import volume of dried tapioca was 2.74 million tonnes, representing a year-on-year decrease of 42%. Further, there was also an increase or a decrease in the Company's cargo throughput of certain grain types during the Reporting Period, which reflects changes in the structure of import sources for grains. The major performance indicators of the Company maintained stable, the details of which are as follows:

Comparison of Major Performance Indicators

Unit: RMB'000



During the Reporting Period, the Company achieved an operating revenue of RMB542.783 million, increased by RMB10.722 million or 2.0% as compared with the same period of 2018.

During the Reporting Period, the Company achieved a gross profit of RMB239.565 million, increased by RMB15.421 million or 6.9% as compared with the same period of 2018, mainly attributable to the gross profit from storage services and new logistics agency services.

During the Reporting Period, the Company achieved a total profit of RMB188.722 million, decreased by RMB9.887 million or 5 % as compared with the same period of 2018.

During the Reporting Period, the Company achieved a net profit of RMB141.131 million, decreased by RMB8.021 million or 5.4% as compared with the same period of 2018.

Financial Review

Revenue

During the Reporting Period, the Company achieved an operating revenue of RMB542.783 million, increased by RMB10.722 million or 2.0% as compared with the same period last year. Revenue by segment is as follows:

(1) Total Revenue

	For the year ended 31 December			
	2019	2018	Period-to-period change	
	RMB'000	RMB'000	Change in amount	Percentage of change
			RMB'000	
Revenue from contracts with customers				
– Provision of services	464,655	455,768	8,887	2.0%
Rental income from investment properties	78,128	76,293	1,835	2.4%
Total revenue	<u>542,783</u>	<u>532,061</u>	<u>10,722</u>	<u>2.0%</u>

(2) *Revenue from contracts with customers by service type*

	For the year ended 31 December			
	2019	2018	Period-to-period change	Change in Percentage of
	<i>RMB'000</i>	<i>RMB'000</i>	amount	change
			<i>RMB'000</i>	
Types of services				
Stevedoring service	406,315	413,751	(7,436)	(1.8%)
Storage service	23,551	19,573	3,978	20.3%
Port management services	11,673	13,587	(1,914)	(14.1%)
Logistics agency services	23,116	8,857	14,259	161.0%
Total	464,655	455,768	8,887	2.0%

During the Reporting Period, the Company recorded a slight year-on-year increase in revenue, mainly attributable to the increase in revenue of storage service, logistics agency services and berth leasing service, and the decrease in revenue of stevedoring service and port management services.

During the Reporting Period, the Company recorded a year-on-year increase in the storage service revenue, mainly attributable to the increase of revenue from the soybean storage. The year-on-year increase in the logistics agency services was mainly attributable to the logistics agency revenue generated from this new service since July 2018 when the business was first conducted. The year-on-year increase in the berth leasing revenue was mainly attributable to (a) the reduction of tax rate from 11% to 10%, and then to 9% as impacted by the national tax policy, and (b) the increase in the leasing revenue of Rizhao Port Container Development Co., Ltd.

The decrease in the revenue of port management services was mainly attributable to the decrease in customers' demand for port management services.

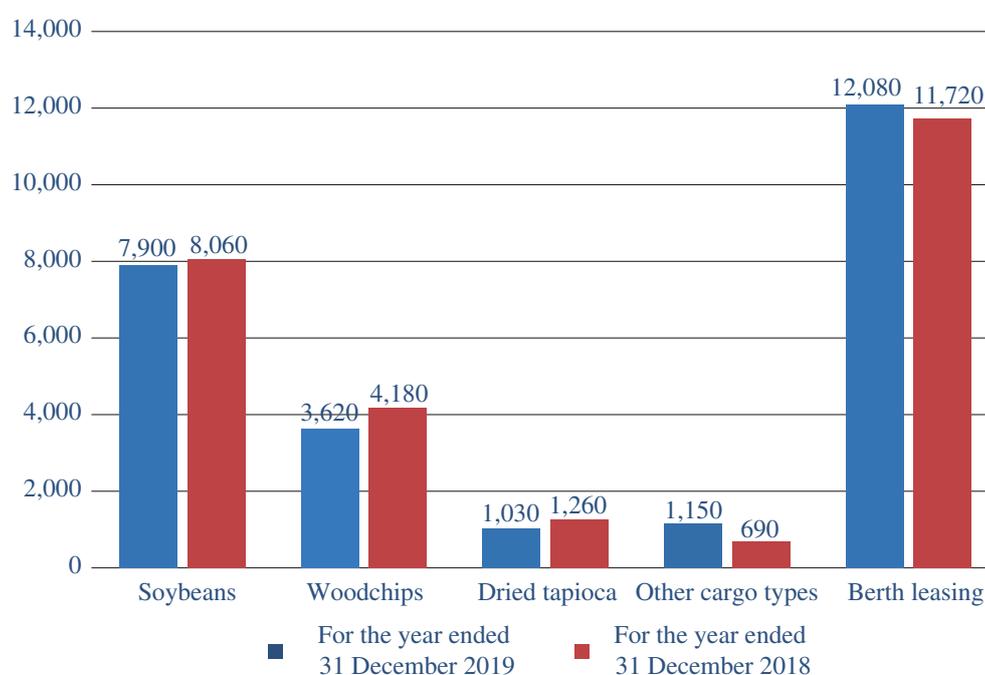
During the Reporting Period, the Company recorded a year-on-year decrease in the stevedoring service, mainly attributable to the decrease in the throughput of soybeans and dried tapioca, which has a higher revenue rate.

Unit: '000 tonnes, except percentage

Cargo type	For the year ended 31 December 2019		2018		Change
	Throughput	Proportion	Throughput	Proportion	
Soybeans	7,900	30.6%	8,060	31.1%	(2.0%)
Woodchips	3,620	14.0%	4,180	16.1%	(13.4%)
Dried tapioca	1,030	4.0%	1,260	4.9%	(18.3%)
Other cargo types	1,150	4.5%	690	2.7%	66.7%
Berth leasing	12,080	46.9%	11,720	45.2%	3.1%
Total	25,780	100.0%	25,910	100.0%	(0.5%)

Comparison of Throughput by Cargo Types

Unit: '000 tonnes



Soybeans

In 2019, the PRC imported 88.51 million tonnes of soybeans (Source: General Administration of Customs of the PRC), representing a year-on-year increase of 0.5%. During the Reporting Period, the Company achieved 7.9 million tonnes of soybean throughput, of which, foreign trade import volume accounted for 8.4% of the PRC's soybean import during the same period, maintaining a relatively higher market share.

Woodchips

In the first three quarters of 2019, the woodchip business of the Company and the woodchip production remained stable, as compared with the same period of 2018. In the fourth quarter of 2019, due to the impact of domestic market fluctuations in the pulp industry, the import volume of woodchips decreased and the Company's throughput of woodchips during the Reporting Period was 3.62 million tonnes, representing a decrease of 13.4% as compared with the same period of 2018.

Dried tapioca

In 2019, affected by the recession of the domestic alcohol industry in the PRC and the decline in tapioca inventory in Thailand, there was a continuous decrease in import of dried tapioca by the PRC, with a total import volume of 2.74 million tonnes (Source: General Administration of Customs of the PRC), representing a decrease of 1.99 million tonnes or 42% as compared with the same period of 2018. The throughput of dried tapioca of the Company achieved 1.03 million tonnes, representing a year-on-year decrease of 18.3%. The Company's market share increased from 26.6% for the year of 2018 to 37.6% for the year of 2019.

Other cargo types

In 2019, the Company strengthened the market development of the maize and other cargo types, with the throughput amounting to 1.15 million tonnes, representing an increase of 66.7% as compared with the same period of 2018. On the basis of the existing business, the Company has conducted in-depth cooperation with customers and expanded the maize supply channels, which has provided a foundation for the Company's further development of the maize business.

Berth leasing

The Company entered into a long-term lease agreement to lease the West-4 berth, Wood-2 berth and Wood-3 berth owned by the Company to Asia Symbol Shandong Co., Ltd. (亞太森博(山東)漿紙有限公司) (“**Asia Symbol**”), an independent third party engaged in wood pulp production. The business volume of berth leasing is mainly derived from the throughput of woodchips imported and transferred by Asia Symbol. Asia Symbol pays the Company a fixed rent each year, and is responsible for the maintenance of the leased berth and related berthing equipment.

Cost of sales

During the Reporting Period, the cost of sales of the Company amounted to RMB303.218 million, decreased by RMB4.699 million or 1.5% from RMB307.917 million as compared with the same period of 2018, mainly attributable to the decrease in procurement costs and utilities expenses.

Gross profit

During the Reporting Period, the Company achieved a gross profit of RMB239.565 million, increased by RMB15.421 million or 6.9% from RMB224.144 million as compared with the same period of 2018, mainly attributable to the gross profit from storage services and new logistics agency services.

Administrative expenses

During the Reporting Period, the total administrative expenses of the Company amounted to RMB13.752 million, increased by RMB1.509 million or 12.3% from RMB12.243 million as compared with the same period of 2018, primarily due to the following reasons: (i) the increase in the cost of employees of the Company arising from the increase in the number of administrative staff and the level of their remuneration; (ii) the donation of RMB975,000 to the Community Chest of Hong Kong.

Listing expenses

During the Reporting Period, the Company recorded the listing expenses of RMB12.363 million, increased by RMB5.895 million or 91.1% from RMB6.468 million as compared with the same period of 2018, mainly attributable to the Company's expenses increase in the process of listing.

Other income

During the Reporting Period, other income of the Company amounted to RMB8.170 million, increased by RMB6.911 million or 548.9% from RMB1.259 million as compared with the same period of 2018, mainly attributable to the addition of listing incentives and subsidies of RMB6 million from the government of China.

Finance costs

During the Reporting Period, the finance costs of the Company amounted to RMB27.812 million, increased by RMB22.144 million or 390.7% from RMB5.668 million as compared with the same period of 2018, mainly attributable to the impact of IFRS 16 lease on the Company.

Income tax expense

During the Reporting Period, the income tax expense of the Company amounted to RMB47.591 million, decreased by RMB1.866 million or 3.8% from RMB49.457 million as compared with the same period of 2018, mainly attributable to the decrease in profit before tax of the Company.

Total comprehensive income for the period

Due to the foresaid reasons, during the Reporting Period, the total comprehensive income of the Company was RMB141.131 million, decreased by RMB8.021 million or 5.4% from RMB149.152 million as compared with the same period of 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Company adopts a prudent treasury management policy to maintain a solid and healthy financial position. The Company monitors the cash flows and cash balance on a regular basis and strives to maintain an optimum liquidity that can meet its working capital needs.

The Company funds its operations principally from cash flow generated from operating activities and bank borrowings. The Company's primary uses of cash are for working capital and to satisfy the capital expenditure needs of the Company.

As at 31 December 2019, the Company had cash and cash equivalents of RMB198.107 million (31 December 2018: RMB55.491 million).

As at 31 December 2019, the Company's total bank borrowings amounted to RMB100 million (31 December 2018: nil), which were denominated in RMB at floating rate, and due within two years.

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 3.24 as at 31 December 2019 (31 December 2018: 0.43).

As at 31 December 2019, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 15.2% (31 December 2018: nil).

During the Reporting Period, the Company's net cash from operating activities amounted to RMB241.364 million (the corresponding period of 2018: RMB212.248 million). The Company's net cash used in investing activities during the Reporting Period amounted to RMB512.455 million (the corresponding period of 2018: RMB18.114 million). The Company's net cash from financing activities during the Reporting Period amounted to RMB413.707 million (the corresponding period of 2018: net cash used of RMB205.102 million).

PLEDGE OF ASSETS

As at 31 December 2019, the Company did not have any pledge of assets (31 December 2018: Nil).

CONTINGENT LIABILITIES

As at 31 December 2019, the Company did not have any contingent liabilities (31 December 2018: Nil).

CAPITAL EXPENDITURE

The Company's capital expenditure comprised mainly additions to property, plant and equipment. The Company's capital expenditure in the Reporting Period amounted to RMB519.666 million (the corresponding period of 2018: RMB26.173 million).

SIGNIFICANT INVESTMENTS

During the Reporting Period, the major capital investment of the Company amounted to RMB512 million, of which, RMB479 million was used for the purchase of the West-6 berth and the bulk grain operation reconstruction project, RMB9.1 million was used for bulk grain yard project and RMB24.56 million was used for the purchase of three gantry cranes for the West-3 berth.

With respect to the purchase of the West-6 berth and the bulk grain operation reconstruction project, the Company has settled the payment for the purchase of the West-6 berth and has made the filing for the sea area certificate and land certificate for the West-6 berth.

The reconstruction project has been filed with Economic and Information Commission of Donggang District, Rizhao with the related environmental assessment, security assessment, and energy conservation assessment. Due to a change in the shore equipment configuration for the project, the relevant filings have to be made again.

With respect to the purchase of three gantry cranes for the West-3 berth, (a) the supervisor has entered the site, (b) the equipment has been on shore in its entirety, (c) the gantry cranes have undergone special inspection, and (d) the formalities for applying for the special inspection certificate and insurance for equipment have been completed. The equipment is currently under commissioning period.

MATERIAL ACQUISITIONS AND DISPOSAL

During the Reporting Period, the Company had no material acquisitions and disposal of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company has been carrying out the “Phase II Bulk Grain Silo Reconstruction Project for Loading and Unloading of Maize” to achieve the loading and unloading of maize from the West-2 berth and West-3 berth to the phase II bulk grain silo. The Phase II Bulk Grain Reconstruction Project for Loading and Unloading of Maize reforms the existing dried tapioca process and bulk grain process and utilizes the screw ship unloader from the West-2 berth and the West-3 berth to complete unloading through dried tapioca conveyor process to Phase II bulk grain silo, thereby connecting the conveyors of two cargo types and completing unloading and independent outbound delivery. At present, process equipment MEC (Mechanical Electrical Control equipment and services) general contract, civil construction, design and other tender and contract signing have been completed. The general contractor has determined the supplier of main equipment and reviewed equipment drawing. The construction of the pile foundation on site has been completed. Due to the COVID-19 epidemic, the production of steel structure, scraper, conveyor and crushing device has not commenced yet and therefore the subsequent stages are also likely to be postponed.

EVENTS AFTER THE REPORTING PERIOD

There are no material events undertaken by the Company after the Reporting Period.

FOREIGN EXCHANGE RISK MANAGEMENT

The operations of the Company are mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses of the Company are denominated in or settled in RMB, while liabilities denominated in foreign currencies are mainly used to pay overseas agency fees. As such, the Company considers there is no material foreign exchange exposure. As at 31 December 2019, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Company had a total of 309 full-time employees, all of whom are based in the PRC (31 December 2018: 278 employees). During the Reporting Period, the employees costs of the Company amounted to RMB57.046 million.

The remuneration policy of the Company links the remunerations of employees with performance, according to their positions, qualifications, work performance and the Company's production and operation results. For the senior management of the Company, the Company implements a basic salary and a performance-based salary policy. The employees' remunerations are reviewed and adjusted by the Company annually. The Company also provides employees with various benefits in accordance with the relevant national, municipal and city-level laws and regulations in the PRC.

In addition, to actively establish a learning enterprise and cultivate employees with active learning, the Company offers internal trainings on safety and security, business operations and technical skills to the employees for their improvement of skills related to their positions.

FUTURE PROSPECTS

Due to the COVID-19 epidemic, the economic performance of the PRC may be impacted in the short run. But we expect that the epidemic will not affect the trend of economic stability and transformation of the PRC in the long run. In particular, the signing of Sino-U.S. economic and trade agreements phase one is expected to enhance international trade of grains and other cargos and we expect that imports of agricultural products will bring opportunities to the business development of the Company.

USE OF NET PROCEEDS FROM LISTING

The Company was listed on the Stock Exchange on 19 June 2019 by way of a global offering, under which a total of 460,000,000 H shares (including H shares issued upon full exercise of the over-allotment option) were issued at an offer price HK\$1.50 per share, raising total net proceeds of RMB546.414 million after deducting professional fees, underwriting commissions and other related listing expenses (the "**IPO Proceeds**").

As stated in the prospectus of the Company dated 31 May 2019 (the "**Prospectus**"), the Company had plans to use the IPO Proceeds. As at 31 December 2019, the Company had used approximately RMB364.258 million for the acquisition of the West-6 berth; approximately RMB7.615 million for the procurement of equipment and machinery for the West-6 berth; and approximately RMB54.641 million for working capital and general corporate purposes.

	Utilized amount as at 31 December 2019 <i>RMB'000,000</i>	Unutilized amount as at 31 December 2019 <i>RMB'000,000</i>	Expected timeline for utilizing the remaining IPO Proceeds ^(Note)
Acquisition of the West-6 berth	364.258	18.232	Expected to be fully utilized on or before 31 December 2020
Procurement of equipment and machinery	7.615	101.667	Expected to be fully utilized on or before 31 December 2020
Working capital and general corporate use	54.641	0	
Total	<u>426.514</u>	<u>119.9</u>	

Note: The expected timeline for utilizing the remaining proceeds is based on the best estimation of the Company. It will be subject to change based on the current and future development of the Company.

The Company does not have any intention to change the purposes of the IPO Proceeds as set out in the Prospectus, and will gradually utilize the residual amount of the IPO Proceeds in accordance with the intended purposes.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving a high standard of corporate governance practices in the belief that they are critical to the development of the Company and essential for protecting the interest of the shareholders of the Company (the “**Shareholders**”). The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company reviews its corporate governance practice from time to time in order to ensure high standards of corporate governance of the Company and meet the expectations of the Shareholders and other stakeholders.

Save for the deviations disclosed below, the Company has complied with the relevant requirements of the applicable code provisions of the CG Code for the year ended 31 December 2019.

Mr. Lau Wai Leung Anders resigned as an independent non-executive Director and ceased to serve as the chairman of the Audit Committee and the member of the nomination committee of the Company (the “**Nomination Committee**”) with effect from 18 September 2019. As a result, (a) the number of independent non-executive Directors was reduced to two which was below the minimum number set out in Rules 3.10(1) and 3.10A of the Listing Rules; (b) the Board lacked at least one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; (c) the chairman of the Audit Committee fell vacant and the composition of the Audit Committee fell below the requirements under Rule 3.21 of the Listing Rules; and (d) the Nomination Committee comprised of two non-executive Directors and two independent non-executive Directors which deviated from the requirement under code provision A.5.1 of the CG Code.

Following the appointment of Mr. Lee Man Tai as an independent non-executive Director at the fourth extraordinary general meeting of the Company of 2019 held on 17 December 2019, the Board (a) comprised of three independent non-executive Directors one of which possesses appropriate professional qualifications or accounting or related financial management expertise; and (b) appointed Mr. Lee Man Tai as the chairman of the Audit Committee and the member of the Nomination Committee. Accordingly, the number of independent non-executive Directors and the composition of the Audit Committee and the Nomination Committee are in compliance with the requirements under Rules 3.10(1), 3.10A, 3.10(2) and 3.21 of the Listing Rules and the code provision A.5.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for the Directors and the supervisors of the Company (the “**Supervisors**”) to conduct securities transactions. Having made specific enquiry of all the Directors and Supervisors, each of the Directors and the Supervisors has confirmed that he/she has complied with the required standard as set out in the Model Code from the Listing Date to 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

From the Listing Date and up to 31 December 2019, no purchase, sale or redemption of the Company’s listed securities were made.

FINAL DIVIDEND, WITHHOLDING OF INCOME TAX AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of RMB0.024 per share (tax inclusive) for the year ended 31 December 2019 to all shareholders whose names appear on the register of members of the Company on 27 May 2020, subject to the consideration and approval of the same by shareholders at the forthcoming annual general meeting to be held on 18 May 2020 (the “**AGM**”). The final dividend is expected to be paid on or before 31 August 2020.

For a non-resident enterprise shareholder of the Company’s H shares (i.e., any shareholder holding the Company’s H shares in the name of a non-individual shareholder, including but not limited to any holders of H shares registered in the name of HKSCC Nominees Limited, or any other nominee or trustee, or any other organization or group), the Company shall withhold the corporate income tax for the final dividend at the tax rate of 10% on their behalf in accordance with the Corporate Income Tax Law of the PRC and other relevant tax laws, regulations and tax treaties.

For the individual shareholders holding the H shares of the Company, the Company shall withhold and pay the individual income tax for the final dividends on their behalf at a rate of 10% in accordance with Individual Income Tax Law of the PRC, the Notice of the State Administration of Taxation on the Collection and Administration of Individual Income Tax after the Abolition of Document No. 045 [1993] (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant tax laws, regulations and tax treaties. If otherwise stipulated by other relevant tax laws, regulations and tax treaties, the Company will withhold and pay the individual income tax for the dividends at the rate and with the procedures in accordance with relevant provisions.

In order to determine the holders of H shares who will be entitled to the proposed final dividends of H shares, the register of members of the Company will be closed from Friday, 22 May 2020 to Wednesday, 27 May 2020 (both days inclusive), during which period no transfer of H shares will be registered. The holders of H shares whose names appear on the register of members of the Company on Wednesday, 27 May 2020 are entitled to the proposed final dividend. In order for the holders of H shares to qualify for receiving the proposed final dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Thursday, 21 May 2020.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on 18 May 2020 (Monday) and the notice convening such meeting will be published and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

In order to determine the holders of H shares who will be entitled to attend the AGM, the register of members of the Company will be closed from Friday, 17 April 2020 to Monday, 18 May 2020 (both days inclusive), during which period no transfer of H shares will be registered. In order for the holders of H shares to qualify for attending the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Thursday, 16 April 2020.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rzportjurong.com). In accordance with the requirements under the Listing Rules applicable in the Reporting Period, the 2019 annual report containing all information about the Company set out in this preliminary results announcement for the year ended 31 December 2019 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company, respectively.

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

Rizhao, the PRC
3 March 2020

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, Mr. Wu Xibin and Mr. Lee Man Tai as independent non-executive Directors.