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*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6117)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Rizhao Port Jurong Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 June 2020 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2019, which are set out below. The condensed interim results are unaudited and have been reviewed by the audit committee of the Company.

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2020*

		For the six months ended 30 June	
	<i>Notes</i>	2020 <b>RMB'000</b> (Unaudited)	2019 <b>RMB'000</b> (Unaudited)
<b>Revenue</b>	3	<b>293,518</b>	266,527
Cost of sales		<b>(152,865)</b>	(129,028)
<b>Gross profit</b>		<b>140,653</b>	137,499
Other income	4	<b>926</b>	1,788
Other gains		–	4
Impairment losses, net of reversal		<b>(467)</b>	(1,112)
Selling and distribution expenses		<b>(1,612)</b>	(1,224)
Administrative expenses		<b>(6,297)</b>	(8,554)
Listing expenses		–	(10,982)
Finance costs	5	<b>(12,782)</b>	(12,385)
Profit before income tax	6	<b>120,421</b>	105,034
Income tax expense	7	<b>(29,039)</b>	(24,429)
<b>Profit for the period</b>		<b>91,382</b>	80,605
<b>Other comprehensive loss for the period</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Change in fair value of bills receivables		–	(6)
<b>Total comprehensive income attributable to the owners of the Company for the period</b>		<b>91,382</b>	80,599
<b>Earnings per share for profit attributable to the owners of the Company during the period (RMB cents)</b>			
	9	<b>5.50</b>	6.57

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	As at <b>30 June 2020</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,883,247	1,917,310
Deposits for purchase of property, plant and equipment		915	985
Investment properties	11	306,884	310,771
Intangible assets		1,752	1,888
Other non-current assets		1,309	1,375
		<u>2,194,107</u>	<u>2,232,329</u>
<b>Current assets</b>			
Inventories		4,201	4,097
Trade and other receivables	12	77,624	67,020
Bills receivables at fair value through other comprehensive income (“FVTOCI”)	13	28,386	7,956
Contract assets		–	1,733
Cash and cash equivalents		282,435	198,107
		<u>392,646</u>	<u>278,913</u>
<b>Current liabilities</b>			
Trade and other payables	14	23,100	38,014
Contract liabilities		84	84
Lease liabilities	15	8,082	13,312
Advance payments from lease contract	16	2,375	2,375
Bank borrowings	17	75,000	25,000
Income tax payable		12,809	7,171
Dividends payable	8	40,000	–
		<u>161,450</u>	<u>85,956</u>
<b>Net current assets</b>		<u>231,196</u>	<u>192,957</u>
<b>Total assets less current liabilities</b>		<u>2,425,303</u>	<u>2,425,286</u>

		As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
<b>Non-current liabilities</b>			
Lease liabilities	15	207,645	207,875
Advance payments from lease contract	16	21,446	21,969
Bank borrowings	17	25,000	75,000
Deferred tax liabilities		5,838	6,450
		<u>259,929</u>	<u>311,294</u>
<b>Net assets</b>		<u><u>2,165,374</u></u>	<u><u>2,113,992</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	18	1,660,000	1,660,000
Reserves		505,374	453,992
<b>Total equity</b>		<u><u>2,165,374</u></u>	<u><u>2,113,992</u></u>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	FVTOCI reserve RMB'000	Retained profits RMB'000	Total RMB'000
<b>Balance at 1 January 2020</b> (Audited)	1,660,000	105,245	159,077	30,763	–	158,907	2,113,992
<b>Total comprehensive income for the period</b>							
Profit for the period	–	–	–	–	–	91,382	91,382
<b>Transaction with owners</b>							
Dividends	–	–	–	–	–	(40,000)	(40,000)
<b>Balance at 30 June 2020</b> (Unaudited)	<u>1,660,000</u>	<u>105,245</u>	<u>159,077</u>	<u>30,763</u>	<u>–</u>	<u>210,289</u>	<u>2,165,374</u>
<b>Balance at 1 January 2019</b> (Audited)	1,200,000	–	159,077	16,385	–	32,154	1,407,616
<b>Total comprehensive income for the period</b>							
Profit for the period	–	–	–	–	–	80,605	80,605
Other comprehensive loss for the period	–	–	–	–	(6)	–	(6)
	–	–	–	–	(6)	80,605	80,599
<b>Transaction with owners</b>							
Issue of new shares in the public offer (Note 18)	400,000	127,820	–	–	–	–	527,820
Listing expense (Note 18)	–	(37,992)	–	–	–	–	(37,992)
Total transaction with owners	400,000	89,828	–	–	–	–	489,828
<b>Balance at 30 June 2019</b> (Unaudited)	<u>1,600,000</u>	<u>89,828</u>	<u>159,077</u>	<u>16,385</u>	<u>(6)</u>	<u>112,759</u>	<u>1,978,043</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2020*

### 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 headquarters 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 with limited liability company incorporated in the PRC 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 intermediate holding company and ultimate holding company to be Rizhao Port Group Co., Ltd. (“**Rizhao Port Group**”) and Shandong Port Group Co., Ltd. respectively, both are companies incorporated in the PRC with limited liability.

The Company is primarily engaged in port operation in Rizhao City, Shandong Province of the PRC, which includes handling grains, woodchips and dried tapioca along with berth leasing, port services such as warehousing, cargo storage, transportation, and related supporting business.

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting issued by the International Accounting Standards Board (“**IASB**”). The condensed interim financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Unless otherwise stated, condensed interim financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair values.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2019.

The accounting policies and calculations used in preparing the condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019, except for the new and amended International Financial Reporting Standards (“IFRSs”), amendments and interpretations (collectively “**new and amended standards**”) issued by IASB and become effective during the current accounting period. The adoption of the new and amended IFRSs has no material impact on the accounting policies in the Company’s condensed interim financial statements for the period.

### 3. REVENUE

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers –		
Provision of services	<b>251,597</b>	228,035
Rental income from investment properties	<b>41,921</b>	38,492
	<hr/>	<hr/>
Total revenue	<b><u>293,518</u></b>	<u>266,527</u>

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Types of services</b>		
Stevedoring service	<b>221,196</b>	197,687
Storage service	<b>5,048</b>	14,705
Port management services	<b>6,222</b>	5,868
Logistics agency services	<b>19,131</b>	9,775
	<hr/>	<hr/>
Total	<b>251,597</b>	228,035
	<hr/> <hr/>	<hr/> <hr/>
<b>Timing of revenue recognition</b>		
Over time	<b>232,466</b>	218,260
At a point in time	<b>19,131</b>	9,775
	<hr/>	<hr/>
Total	<b>251,597</b>	228,035
	<hr/> <hr/>	<hr/> <hr/>

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, 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 the 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.

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Customer A	<b>37,244</b>	40,603
Customer B	<b>36,445</b>	(Note)

*Note:* The Company had transactions with this customer but the amount of the transactions was less than 10% of revenue for the six months ended 30 June 2019.

#### **4. OTHER INCOME**

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Interest income	<b>348</b>	142
Others	<b>578</b>	1,646
Total	<b>926</b>	1,788

#### **5. FINANCE COSTS**

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Interest expense</b>		
– Interest on bank borrowings	<b>2,274</b>	1,493
– Interest on lease liabilities	<b>10,508</b>	10,892
Total	<b>12,782</b>	12,385

## 6. PROFIT BEFORE INCOME TAX

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

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Rental income from investment properties	<b>41,921</b>	38,492
Less: direct operating expenses incurred from investment properties	<b>(3,887)</b>	(3,906)
Net rental income from investment properties	<b><u>38,034</u></b>	<u>34,586</u>
Depreciation:		
– Property, plant and equipment	<b>44,004</b>	41,148
– Right-of-use assets	<b>9,814</b>	9,347
– Investment properties	<b>3,887</b>	3,887
Amortisation of intangible assets	<b>136</b>	132
Total depreciation and amortisation charged to profit or loss	<b><u>57,841</u></b>	<u>54,514</u>
Lease charges:		
– Short-term leases or leases with lease term less than 12 months	<b>284</b>	312
– Leases of low-value items	<b>137</b>	135
Staff costs:		
– Directors' and supervisors' emoluments	<b>423</b>	391
– Other staff costs (exclude directors' and supervisors' emoluments):		
– Salaries, allowances and other benefits	<b>17,229</b>	17,285
– Retirement benefit scheme contributions	<b>5,635</b>	7,017
Total staff costs	<b><u>23,287</u></b>	<u>24,693</u>

## 7. INCOME TAX EXPENSE

	For the six months ended	
	30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax – PRC enterprise income tax	29,651	26,387
Deferred tax	(612)	(1,958)
	<u>29,039</u>	<u>24,429</u>

## 8. DIVIDENDS

The Company declared 2019 final dividends of approximately RMB40,000,000 during the period, which will be paid on 31 August 2020 to shareholders whose names appear on the register of members of the Company on 27 May 2020 (for the six months ended 30 June 2019: nil).

The Board does not recommend the payment of interim dividend as at 30 June 2020.

## 9. EARNINGS PER SHARE

	For the six months ended	
	30 June	
	2020	2019
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company ( <i>RMB'000</i> )	<u>91,382</u>	<u>80,605</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,660,000,000</u>	<u>1,226,519,337</u>
<b>Basic earnings per share (<i>RMB cents</i>)</b>	<u>5.50</u>	<u>6.57</u>

The weighted average number of ordinary shares for the purposes of calculating basic earnings per share for the six months ended 30 June 2019 comprises (i) 1,200,000,000 ordinary shares issued during the period; and (ii) 26,519,337 ordinary shares represent the weighted average number of 400,000,000 ordinary shares issued under the offering (Note 18).

There were no dilutive potential ordinary shares in issue for the periods ended 30 June 2020 and 2019. Therefore, the diluted earnings per share are equals to the basic earnings per share.

## **10. PROPERTY, PLANT AND EQUIPMENT**

For the six months ended 30 June 2020, the Company had additions of property, plant and equipment at a total cost of RMB19,755,000 (for the six months ended 30 June 2019: RMB3,859,000), mainly included additions in construction in progress of approximately RMB18,814,000 and loading equipment of approximately RMB575,000 (for the six months ended 30 June 2019: buildings of approximately RMB1,996,000, communication facilities and other equipment of approximately RMB1,008,000).

As at 30 June 2020, the carrying amount of right-of-use assets of the Company amounted to RMB233,732,000 (31 December 2019: RMB243,546,000).

For the six months ended 30 June 2020, depreciation of right-of-use assets and other property, plant and equipment during the period was RMB53,818,000 (for the six months ended 30 June 2019: RMB50,495,000).

## 11. INVESTMENT PROPERTIES

	<b>Terminal facilities RMB'000 (Unaudited)</b>
<b>As at 1 January 2019</b>	
Cost	399,318
Accumulated depreciation	<u>(80,772)</u>
<b>Net book amount</b>	<b><u><u>318,546</u></u></b>
<b>Year ended 31 December 2019</b>	
Opening net book amount	318,546
Depreciation	<u>(7,775)</u>
<b>Closing net book amount</b>	<b><u><u>310,771</u></u></b>
<b>As at 31 December 2019 and 1 January 2020</b>	
Cost	399,318
Accumulated depreciation	<u>(88,547)</u>
<b>Net book amount</b>	<b><u><u>310,771</u></u></b>
<b>For the six months ended 30 June 2020</b>	
Opening net book amount	<b>310,771</b>
Depreciation	<u>(3,887)</u>
<b>Closing net book amount</b>	<b><u><u>306,884</u></u></b>
<b>As at 30 June 2020</b>	
Cost	<b>399,318</b>
Accumulated depreciation	<u>(92,434)</u>
<b>Net book amount</b>	<b><u><u>306,884</u></u></b>

## 12. TRADE AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2020</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Trade receivables	51,893	32,700
Less: expected credit loss (“ECL”) allowance of trade receivables	<u>(1,344)</u>	<u>(847)</u>
	<b><u>50,549</u></b>	<b><u>31,853</u></b>
Other receivables	237	–
Less: ECL allowance of other receivables	<u>(8)</u>	<u>–</u>
	229	–
Prepayments	3,272	272
Value-added tax receivables	<u>23,574</u>	<u>34,895</u>
	<u>27,075</u>	<u>35,167</u>
Total trade and other receivables	<b><u>77,624</u></b>	<b><u>67,020</u></b>

The following is an ageing analysis of trade receivables, net of ECL allowance, presented based on the invoice dates:

	As at <b>30 June</b> <b>2020</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
0 – 30 days	37,647	20,383
31 – 60 days	5,953	9,057
61 – 90 days	3,041	2,048
Over 90 days	<u>3,908</u>	<u>365</u>
	<b><u>50,549</u></b>	<b><u>31,853</u></b>

### 13. BILLS RECEIVABLES AT FVTOCI

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

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Within 3 months	15,240	7,956
Over 3 months but within 1 year	13,146	–
	<u>28,386</u>	<u>7,956</u>

### 14. TRADE AND OTHER PAYABLES

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Trade payables		
– Due to related parties	3,149	7,519
– Due to third parties	2,625	6,835
	<u>5,774</u>	<u>14,354</u>
Other payables		
– Amounts due to related parties	11,252	14,672
– Other tax payables	81	409
– Payroll payable	3,039	2,779
– Retention payable due within one year	1,461	1,576
– Other payables	1,493	4,224
	<u>17,326</u>	<u>23,660</u>
Total trade and other payables	<u>23,100</u>	<u>38,014</u>

The following is an ageing analysis of trade payables of the Company pursuant to invoice dates:

	As at <b>30 June</b> <b>2020</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
0 – 30 days	4,283	11,674
31 – 60 days	227	1,419
61 – 90 days	239	947
Over 90 days	1,025	314
	<u>5,774</u>	<u>14,354</u>

## 15. LEASE LIABILITIES

	As at <b>30 June</b> <b>2020</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Total minimum lease payments:		
Due within 1 year	28,532	34,136
Due within 2 to 5 years	86,260	86,441
Due more than 5 years (include reasonably certain to be exercised of renewal options)	598,315	634,971
	<u>713,107</u>	755,548
Less: future lease liabilities finance charges	<u>(497,380)</u>	<u>(534,361)</u>
Present value of lease liabilities	<u>215,727</u>	<u>221,187</u>
Present value of minimum lease payments:		
Due within 1 year	8,082	13,312
Due within 2 to 5 years	6,535	6,465
Due more than 5 years	201,110	201,410
	<u>215,727</u>	221,187
Less: payment due within 1 year (presented under current liabilities)	<u>(8,082)</u>	<u>(13,312)</u>
Payment due after 1 year	<u>207,645</u>	<u>207,875</u>

## 16. ADVANCE PAYMENTS FROM LEASE CONTRACT

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Lease payments received in advance	23,821	24,344
Less: Advance payments from lease contract	<u>(2,375)</u>	<u>(2,375)</u>
Non-current portion of lease payments	<u><u>21,446</u></u>	<u><u>21,969</u></u>

## 17. BANK BORROWINGS

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Fixed-rate bank borrowings – Unsecured and unguaranteed	<u><u>100,000</u></u>	<u><u>100,000</u></u>

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

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Within 1 year or on demand	75,000	25,000
After 1 year but within 2 years	<u>25,000</u>	<u>75,000</u>
	<b>100,000</b>	100,000
Less: Amount due within 1 year or on demand shown under current liabilities	<u>(75,000)</u>	<u>(25,000)</u>
Amount due after 1 year shown under non- current liabilities	<u><u>25,000</u></u>	<u><u>75,000</u></u>

## 18. SHARE CAPITAL

	Foreign shares	Domestic shares	H shares	Number of shares	RMB'000 (Unaudited)
<b>Issued and fully paid-up ordinary shares with par value of RMB1 each</b>					
As at 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
<b>As at 31 December 2019, 1 January 2020 and 30 June 2020</b>	<b>–</b>	<b>840,000,000</b>	<b>820,000,000</b>	<b>1,660,000,000</b>	<b>1,660,000</b>

360,000,000 shares were foreign shares as at 1 January 2019, which were converted into H shares upon the listing on 19 June 2019 (the “**Listing Date**”).

On 19 June 2019, 400,000,000 H shares of the Company with par value of RMB1.00 have been issued at an issue price of HK\$1.50 each.

During the period ended 30 June 2019, issued at offer price of HK\$1.50 per share, with proceeds raised from the issue amounted to RMB527,820,000 on the main board of the Stock Exchange after deduction of professional fees, underwriting commissions and other related listing expenses of RMB55,442,000, of which RMB37,992,000 were capitalised and RMB17,450,000 were expensed, the aggregate net proceeds amounted to RMB472,378,000.

On 12 July 2019, additional 60,000,000 over-allotment were exercised and correspondingly issued 60,000,000 H shares of the Company with par value of RMB1.00 each have been issued at an issue price of HK\$1.50 each.

## 19. CAPITAL COMMITMENTS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	<b>98,000</b>	99,406

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTERNATIONAL AND DOMESTIC SITUATION**

#### **Overall Situation**

In the first half of 2020, despite the severe challenges brought by the COVID-19 pandemic and the complex and changing domestic and international environment, the pandemic prevention and control in China continued to improve, the resumption of work, production and business as well as the market were expedited, the economy recovered gradually, and the livelihood of the people was secured. The market expectations were generally optimistic and the overall social development was stable. Goods imports and exports were better than expected, and the trade structure continued to improve. General trade imports and exports accounted for 60.1% of total imports and exports, representing a year-on-year increase of 0.4 percentage point. (Source: National Bureau of Statistics of China)

Driven by domestic market demand, China's grain imports increased significantly. In the first half of 2020, China's total grain import volume was 60.9 million tonnes, representing a year-on-year increase of 20.6%, among which soybean import volume was 45.04 million tonnes, accounting for 74.0% of the total grain import volume in the first half of 2020. China's import volume in June sets a monthly record of 11.16 million tonnes, with import volume of soybeans, wheat, maize and sorghum increased. (Source: General Administration of Customs of China)

#### **Overall Throughput at Chinese Ports**

From January to June 2020, the cargo throughput of China's ports amounted to 6,752.13 million tonnes, representing a year-on-year increase of 0.6% and achieved an increase of 5.2% in the second quarter of 2020, and maintained growth for three consecutive months since April. In terms of sectors, domestic trade throughput dropped by 0.1%, and foreign trade throughput increased by 2.2%. (Source: Ministry of Transport of China)

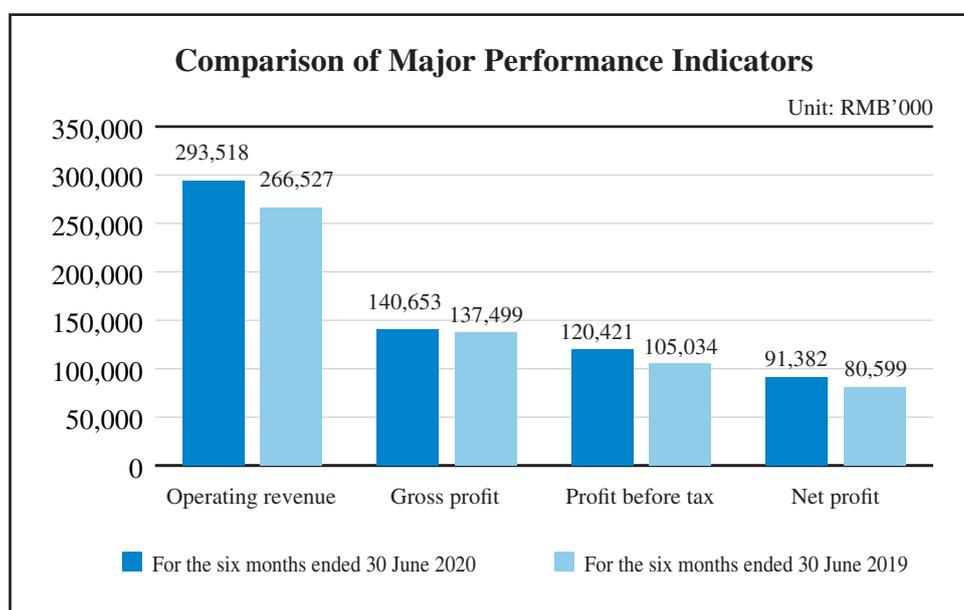
Under the circumstance that global ports and shipping businesses are generally affected by the COVID-19 pandemic, Shandong Port Group Co., Ltd (“**Shandong Port Group**”) has made two-way efforts through both land and sea to create an international logistics channel which aims to realize “two-way mutual assistance from east to west and linkage between land and sea”. In the first half of 2020, the cargo throughput of the coastal ports in the Shandong province exceeded 700 million tonnes, representing a year-on-year increase of 7.1%; and the container throughput of the coastal ports in the Shandong province amounted to 14.78 million TEUs, representing a year-on-year increase of 2.5%. The year-on-year growth rates of cargo throughput and container throughput of the coastal ports in the Shandong province significantly outpaced other coastal ports in China. (Source: Shandong Port Group)

## BUSINESS AND FINANCIAL REVIEW

### Overall Review

In the first half of 2020, the Company focused on serving customers, strengthened resource coordination and supplier management, strived to overcome the adverse effects of the market environment. The Company actively explored opportunities in maize, sorghum and other agricultural products and expanded on the diversified development of grain imports. The Company also provided one-stop services to extend the range of its port services through its logistics agency offerings, which resulted in the improvement of revenue generation and upgrade of port efficiency and service levels.

During the Reporting Period, the Company achieved cargo throughput of 13.76 million tonnes, representing an increase of 0.1% as compared with the same period in 2019. In terms of cargo types, the throughput of woodchips declined significantly as compared with the same period of 2019, the throughput of dried tapioca decreased slightly as compared with the same period of 2019, and the throughput of soybean, maize and other cargos increased as compared with the same period of 2019. The increase of grain cargo types has made up for the impact of the decline in woodchips throughput on the Company’s revenue and profit. The Company’s major performance indicators remained stable as follows:



During the Reporting Period, the Company achieved an operating revenue of RMB293.518 million, increased by RMB26.991 million or 10.1% as compared with the same period of 2019.

During the Reporting Period, the Company achieved a gross profit of RMB140.653 million, increased by RMB3.154 million or 2.3% as compared with the same period of 2019.

During the Reporting Period, the Company achieved a profit before income tax of RMB120.421 million, increased by RMB15.387 million or 14.6% as compared with the same period of 2019.

During the Reporting Period, the Company achieved a net profit of RMB91.382 million, increased by RMB10.783 million or 13.4% as compared with the same period of 2019.

## **Business Review**

During the Reporting Period, the Company recorded a year-on-year increase of RMB26.991 million or 10.1% in operating revenue, mainly attributable to the increase of RMB23.509 million in revenue from stevedoring service and RMB3.429 million from leasing business. Revenue increase in logistics agency services offset the decrease in revenue from storage service.

During the Reporting Period, the Company recorded a year-on-year revenue increase of 11.9% from stevedoring service, attributable to the business increase of grain imports. During the Reporting Period, the Company introduced four types of new services in respect of logistics agency services, including railway and road transportation, which resulted in significant increase in revenue from logistics agency services with a year-on-year increase of 95.7%.

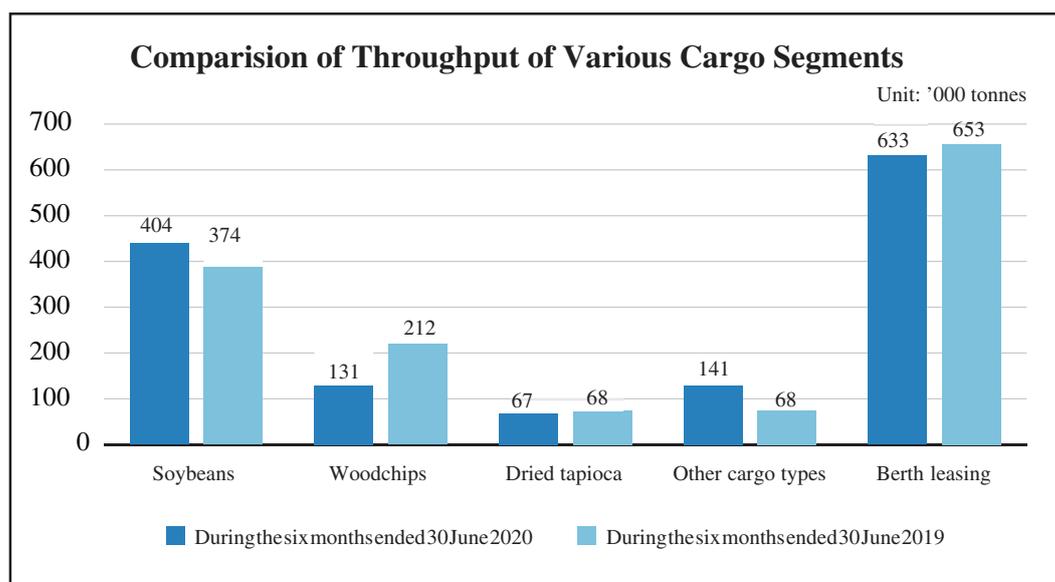
During the Reporting Period, due to the impact of the COVID-19 in the first quarter, logistics work resumed late, affecting the shipping of some goods. In order to maintain good and long-term cooperative relationship with our customers, overcome the difficulties brought by COVID-19 with enterprises, and demonstrate good social responsibility, the Company provides certain concessions to the customers suffered in logistics shipping under COVID-19. The increase in grain import volume in the second quarter and the timely discharge of cargoes, some cargoes have kept within the free storage period, resulting in a decrease in revenue from storage service.

During the Reporting Period, the revenue from port management services maintained a relatively stable level and slightly increased as compared with the same period of 2019.

During the Reporting Period, the Company handled cargoes including soybeans, woodchips, dried tapioca and other cargo types such as maize and wheat. The following table sets forth the throughput breakdown by cargo types.

*Unit: 0'000 tonnes, except percentage*

Throughput segment	For the six months ended 30 June				Change
	2020		2019		
	Throughput	Proportion	Throughput	Proportion	
Soybeans	404	29.4%	374	27.2%	8.0%
Woodchips	131	9.5%	212	15.4%	-38.2%
Dried tapioca	67	4.9%	68	4.9%	-1.5%
Other cargo types	141	10.2%	68	4.9%	107.4%
Berth leasing (Asia Symbol)	633	46.0%	653	47.6%	-3.1%
<b>Total</b>	<b>1,376</b>	<b>100.0%</b>	<b>1,375</b>	<b>100.0%</b>	<b>0.1%</b>



### *Soybeans*

From January to June 2020, the PRC imported 45.04 million tonnes of soybeans (Source: General Administration of Customs of the PRC), representing an increase of 17.9% as compared with the same period of 2019. The Company's soybean imports accounted for 8.6% of the PRC's soybean imports in the first half of 2020. Especially since the second quarter of 2020, the arrival of soybeans to the port has increased, with a cumulative discharge of 2.39 million tonnes, an increase of 740,000 tonnes compared with the first quarter of 2020, and 1.08 million tonnes of soybeans were unloaded in May 2020, creating several production records and reflecting good overall business performance.

### *Woodchips*

The woodchip business of the Company substantially decreased compared with the same period of 2019, the throughput of which in the first half of 2020 was 1.31 million tonnes, decreased by 38.2% as compared with the same period of 2019. In view of the adverse factor of decrease in woodchips purchase arising from the market adjustment of existing customers for woodchips, the Company has actively explored new customers in the hinterland to promote the sea-rail transportation logistics model, expand the import of woodchips, and make up for the decline in woodchips supply.

### *Dried tapioca*

The Company's dried tapioca business remained stable and the throughput of which during the Reporting Period decreased by 10,000 tonnes only compared with the same period of 2019.

### *Other cargo types*

From January to June 2020, the Company strengthened the development of agricultural products, such as maize and vegetable oil, and at the same time utilised the berths to unload other goods. The total throughput of other cargo types was 1.41 million tonnes, representing an increase of 730,000 tonnes compared with the same period of 2019, to make up for the decline in the woodchips supply.

### *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.

## Financial Review

### Revenue

During the Reporting Period, the Company achieved an operating revenue of RMB293.518 million, increased by RMB26.991 million or 10.1% as compared with the same period of last year. Revenue by segment is as follows:

#### (1) Total Revenue

	For the six months ended 30 June	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers		
– Provision of services	251,597	228,035
Rental income from investment properties	41,921	38,492
Total revenue	<u>293,518</u>	<u>266,527</u>

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

Types of services	For the six months ended 30 June	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Stevedoring service	221,196	197,687
Storage service	5,048	14,705
Port management services	6,222	5,868
Logistics agency services	19,131	9,775
Total	<u>251,597</u>	<u>228,035</u>

### ***Cost of Sales***

During the Reporting Period, the cost of sales of the Company amounted to RMB152.865 million, representing an increase of RMB23.837 million or 18.5% as compared with RMB129.028 million for the same period of 2019, mainly attributable to the increase of approximately RMB11.781 million in logistics agency costs, the increase of approximately RMB10.126 million in business outsourcing costs and the increase in safety production costs.

### ***Gross Profit***

During the Reporting Period, the Company achieved the gross profit of RMB140.653 million, representing an increase of RMB3.154 million or 2.3% as compared with RMB137.499 million for the same period of 2019.

### ***Administrative Expenses***

During the Reporting Period, the total administrative expenses of the Company amounted to RMB6.297 million, representing a decrease of RMB2.257 million or 26.4% as compared with RMB8.554 million for the same period of 2019, mainly attributable to (1) the decrease in the amount of social insurance expenses of the PRC leading to the decrease in staff costs, and (2) more travelling and publicity expenses incurred in connection with the listing in 2019.

### ***Other Income***

During the Reporting Period, other income of the Company amounted to RMB0.926 million, representing a decrease of RMB0.862 million or 48.2% as compared with RMB1.788 million for the same period of 2019, mainly attributable to the government listing incentives of RMB1.0 million for the same period in 2019. The interest income during the period increased by RMB0.206 million for the same period of 2019.

### ***Finance Cost***

During the Reporting Period, finance cost of the Company amounted to RMB12.782 million, representing an increase of RMB0.397 million, or 3.2% as compared with RMB12.385 million for the same period of 2019, mainly attributable to the increase of RMB0.781 million in the interest of bank borrowings and the decrease of RMB0.384 million in the interest of lease liabilities.

### ***Income Tax Expense***

During the Reporting Period, the income tax expense of the Company amounted to RMB29.039 million, representing an increase of RMB4.610 million or 18.9% as compared with RMB24.429 million for the same period of 2019, mainly attributable to the increase in the profit before income tax of the Company.

### ***Total Comprehensive Income for the Period***

As a result of the foregoing, during the Reporting Period, the total comprehensive income of the Company amounted to RMB91.382 million, representing an increase of RMB10.783 million or 13.4% as compared with RMB80.599 million for the same period of 2019.

## **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 30 June 2020, the Company had cash and cash equivalents of RMB282.435 million (31 December 2019: RMB198.107 million).

As at 30 June 2020, the Company's total bank borrowings amounted to RMB100 million (31 December 2019: RMB100 million), were denominated in RMB at fixed rate, and due within one year.

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 2.43 as at 30 June 2020 (31 December 2019: 3.24).

As at 30 June 2020, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 14.6% (31 December 2019: 15.2%).

During the Reporting Period, the Company's net cash from operating activities amounted to RMB125.327 million (the corresponding period of 2019: RMB124.416 million). The Company's net cash used in investing activities during the Reporting Period amounted to RMB19.337 million (the corresponding period of 2019: RMB2.624 million). The Company's net cash used in financing activities during the Reporting Period amounted to RMB21.662 million (the corresponding period of 2019: net cash from financing activities of RMB429.683 million).

## **PLEDGE OF ASSETS**

As at 30 June 2020, the Company did not have any pledge of assets (31 December 2019: nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2020, the Company did not have any contingent liabilities (31 December 2019: 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 RMB23.2 million (the corresponding period of 2019: RMB3.9 million).

## **CAPITAL COMMITMENTS**

The Company's capital commitments primarily consist of capital expenditures contracted for but not yet paid in relation to property, plant and equipment. The Company's capital commitments decreased from RMB99.406 million as at 31 December 2019 to RMB98 million as at 30 June 2020, which comprises the agreement entered into by the Company for the renovation of the West-6 berth at a consideration of RMB72 million, the agreement for the second phase of bulk grain loading and unloading of maize at a consideration of RMB14 million, and the procurement agreement for three gantry cranes at a consideration of RMB12 million.

## **SIGNIFICANT INVESTMENTS**

During the Reporting Period, no significant investment was made by the Company.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

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 had no plans authorised by the Board for material investments or additions of capital assets as at the date of this announcement.

## **EVENTS AFTER THE REPORTING PERIOD**

There are no material events affecting 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 30 June 2020, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2020, the Company had a total of 304 full-time employees, all of whom are based in the PRC (31 December 2019: 309 employees). During the Reporting Period, the employees costs of the Company amounted to RMB23.287 million (the corresponding period of 2019: RMB24.693 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**

With the current backdrop of a challenging global environment for international trade brought about by the COVID-19 pandemic, China's economy is among the first to show early signs of recovery from the impact of the pandemic. However, the impact of the pandemic globally on shipping logistics and trade remains uncertainty. For grain trading, China has actively promoted free trade, the development of world food trade and deepened international cooperation in the field of food and agriculture as a responsible country.

China remains highly dependent on soybean imports subject to the limits of arable land area and planting cost in China. Complemented by the signing of the first phase of the Sino-US Economic and Trade Agreement, the purchase of soybeans, sorghum, maize and other agricultural products from the United States showed an increased trend. We expect that the import trade of agricultural products will bring opportunities for our business. Based on the analysis of grain types and the import volume trend, the total amount of grains import volume is expected to increase in the future.

With the development of China's economy, the improvement in the level of production and consumption is well underway with the consumption of feed and industrial growth of grains continuing to improve. The total grain consumption has increased steadily with continued improvement in the supply chain development within the grains industry. The future outlook for the grain imports for China is one of diversification of grain types to include more import grain varieties, primarily maize, barley, wheat, sorghum and other grains. In this regard, the Company will focus on the following:

### **Increasing efforts in market development**

The Company will seize the opportunities brought by new production capacity of the industry, actively acquire new cargo types, new customers and new hinterland to increase market development of maize, sorghum, wheat, peas and other agricultural products, leveraging on its railways connection, increasing diversification development efforts for new key cargo, seizing the opportunities brought by the "truck to rail" mode of transportation to focus on further development of the markets in mid-western inland regions of the PRC to acquire new customers.

### **Improvement of customer service standards**

The Company will continue its focus on providing "customer first, high-quality service", continue to refine its service standards, establish a one-stop service window platform, realize one-stop business handling, and specially enhance the customer experience, so as to meet customer needs.

## USE OF NET PROCEEDS FROM THE LISTING

The Company was listed on the Stock Exchange on 19 June 2019 (the “**Listing Date**”) 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 a total net proceeds of RMB546.41 million after deducting professional fees, underwriting commissions and other related listing expenses (the “**IPO Proceeds**”).

As set out in the prospectus of the Company dated 31 May 2019 (the “**Prospectus**”), the Company had planned to use the IPO Proceeds. As at 30 June 2020, the Company had used approximately RMB382.49 million for the acquisition of West-6 berth; approximately RMB7.62 million for the procurement of equipment and machinery for West-6 berth and approximately RMB54.64 million for working capital and general corporate purposes.

	Utilized amount from the Listing Date to 31 December 2019 <i>RMB million</i>	Utilized amount from 1 January 2020 to 30 June 2020 <i>RMB million</i>	Unutilized amount as at 30 June 2020 <i>RMB million</i>	Expected timeline for utilizing the remaining IPO Proceeds <sup>(Note)</sup>
Acquisition of West-6 berth	364.26	18.23	0	Expected to be fully utilized on or before 31 December 2020
Procurement of equipment and machinery	7.62	0	101.67	
Working capital and general corporate use	54.64	0	0	
Total	<u>426.52</u>	<u>18.23</u>	<u>101.67</u>	

*Note:* The expected timeline for utilizing the remaining IPO 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.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend as at 30 June 2020.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. 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.

Save for the deviations disclosed below, the Company has complied with the relevant requirements of the applicable code provisions of the CG Code during the Reporting Period.

Mr. Zhang Baohua resigned as a non-executive Director and the chairman of the Board and ceased to serve as the chairman of the nomination committee of the Company (the “**Nomination Committee**”) with effect from 3 April 2020. As a result, the positions of the chairman of the Board and the chairman of the Nomination Committee fell vacant which deviated from the requirements under code provisions A.2.1 and A.5.1 of the CG Code.

Following the appointment of Mr. Wang Yufu as a non-executive Director at the 2019 annual general meeting of the Company held on 18 May 2020, Mr. Wang Yufu was also appointed as the chairman of the Board and the chairman of the Nomination Committee. Accordingly, the Company has been in compliance with code provisions A.2.1 and A.5.1 of the CG Code thereafter.

## **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 during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES**

During the Reporting Period, no purchase, sale or redemption of the Company’s listed securities were made.

By order of the Board  
**Rizhao Port Jurong Co., Ltd.**  
**Wang Yufu**  
*Chairman*

Rizhao, the PRC  
27 August 2020

*As at the date of this announcement, the Board comprises Mr. Wang Yufu as Chairman and non-executive Director; Mr. He Zhaodi as executive Director; Mr. Pay Cher Wee, Mr. Ooi Boon Hoe, Mr. Shi Ruxin and Mr. Jiang Zidan as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.*