



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

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

Stock Code: 6117



2020 INTERIM REPORT

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Corporate Information

COMPANY NAME (IN CHINESE)

日照港裕廊股份有限公司

COMPANY NAME (IN ENGLISH)

RIZHAO PORT JURONG CO., LTD.

LEGAL REPRESENTATIVE

Mr. Wang Yufu

REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

South End
Haibin 5th Road
Rizhao City, Shandong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Sunlight Tower
248 Queen's Road East
Wanchai
Hong Kong

LISTING DATE

19 June 2019

PLACE OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited

STOCK SHORT NAME (IN ENGLISH)

RIZHAO PORT JR

STOCK SHORT NAME (IN CHINESE)

日照港裕廊

STOCK CODE

6117

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COMPANY'S WEBSITE

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EXECUTIVE DIRECTOR

Mr. He Zhaodi

NON-EXECUTIVE DIRECTORS

Mr. Wang Yufu (*Chairman*)
Mr. Ooi Boon Hoe
Mr. Pay Cher Wee
Mr. Shi Ruxin
Mr. Jiang Zidan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Zixue
Mr. Lee Man Tai
Mr. Wu Xibin

SUPERVISORS

Mr. Wang Wei (*Chairman*)
Mr. Li Weiqing
Mr. Tham Wai Kong

JOINT COMPANY SECRETARIES

Mr. Zheng Shiqiang
Ms. Fok Po Yi (*CPA*)

AUTHORIZED REPRESENTATIVES

Mr. He Zhaodi
Ms. Fok Po Yi

AUDIT COMMITTEE

Mr. Lee Man Tai (*Chairman*)
Mr. Zhang Zixue
Mr. Shi Ruxin

REMUNERATION COMMITTEE

Mr. Zhang Zixue (*Chairman*)
Mr. Wu Xinbin
Mr. Jiang Zidan

NOMINATION COMMITTEE

Mr. Wang Yufu (*Chairman*)
Mr. Lee Man Tai
Mr. Zhang Zixue
Mr. Wu Xinbin
Mr. Pay Cher Wee

AUDITOR

Grant Thornton Hong Kong Limited

COMPLIANCE ADVISER

China Industrial Securities International Capital Limited
7/F, Three Exchange Square
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Central
Hong Kong

LEGAL ADVISERS

(1) As to Hong Kong laws:

Jun He Law Offices

(2) As to PRC laws:

JunHe LLP

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PRINCIPAL BANKER

Agricultural Bank of China
Rizhao Branch

Definitions

In this interim report, the following expressions have the following meanings unless otherwise specified:

“Asia Symbol”	Asia Symbol Shandong Co., Ltd. (亞太森博(山東)漿紙有限公司)
“Board”	board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this interim report shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司)
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“H Share(s)”	overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each in the share capital of the Company, listed on the Main Board of the Stock Exchange and traded in HK\$
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	19 June 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company

Definitions (Continued)

“Prospectus”	the prospectus of the Company dated 31 May 2019
“Reporting Period”	the six months ended 30 June 2020
“Rizhao Municipal Government”	Rizhao Municipal People’s Government
“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司)
“Rizhao Port Group”	Rizhao Port Group Co., Ltd. (日照港集團有限公司)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Shandong Port Group”	Shandong Port Group Co., Ltd. (山東省港口集團有限公司)
“Shandong SASAC”	Shandong Provincial State-owned Assets Supervision and Administration Commission
“Share(s)”	share(s) of RMB1.00 each in the share capital of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent



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 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)

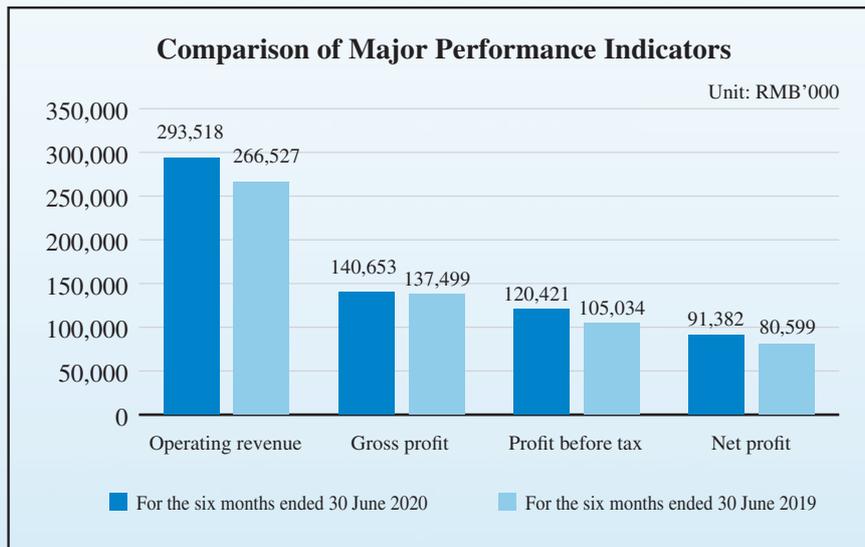
Management Discussion and Analysis (Continued)

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.

Management Discussion and Analysis (Continued)

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 pandemic in the first quarter of 2020, logistics work resumed late and the shipping of some goods was affected. In order to maintain good and long-term cooperative relationship with our customers, overcome the difficulties brought by COVID-19 pandemic to corporations, and demonstrate good social responsibility, the Company provides certain concessions to our customers suffered in logistics shipping under COVID-19 pandemic. The increase in grain import volume in the second quarter of 2020 and the timely discharge of cargoes and some cargoes having been kept within the free storage period, resulted in a decrease in revenue from storage service during the Reporting Period.

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

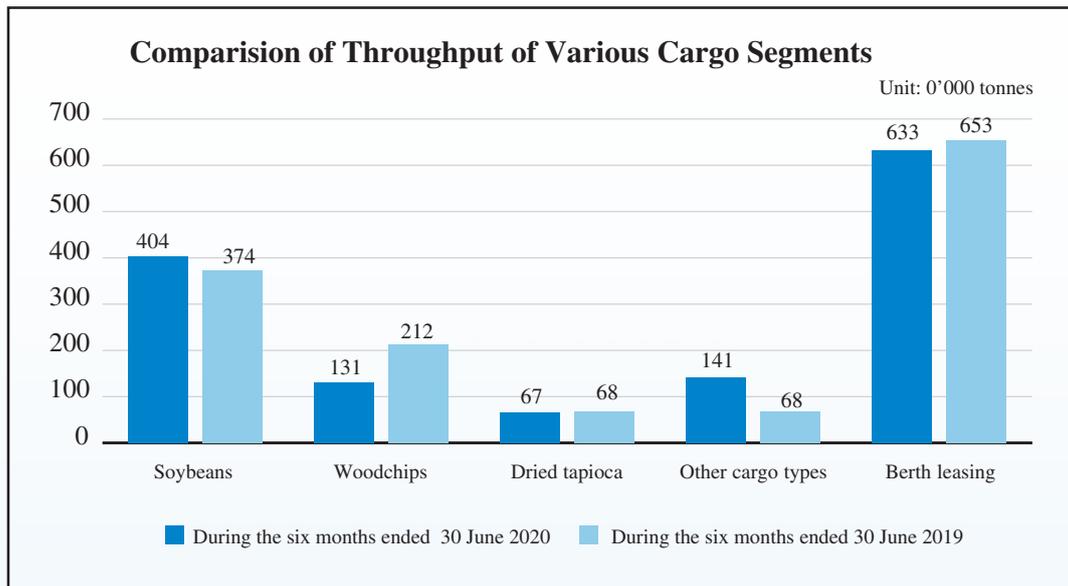
During the Reporting Period, our berth handled cargoes including soybeans, woodchips, dried tapioca and other cargo types such as maize and wheat. The following table sets forth the throughput breakdown by cargo types.

Throughput Segment

Unit: 0'000 tonnes, except percentage

Throughput segment	For the six months ended 30 June				
	2020		2019		Change
	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%
Total	1,376	100.0%	1,375	100.0%	0.1%

Management Discussion and Analysis (Continued)



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

During the Reporting Period, 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.

Management Discussion and Analysis (Continued)

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, 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 2019. Revenue by segment is as follows:

Total Revenue

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

Revenue from contracts with customers by service type

	During the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Types of services		
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	251,597	228,035

Management Discussion and Analysis (Continued)

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 a gross profit of RMB140.653 million, increased by RMB3.154 million or 2.3% as compared with 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.

Management Discussion and Analysis (Continued)

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).

Management Discussion and Analysis (Continued)

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 reconstruction 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.

After the Company successfully acquired the West-6 berth in November 2019, due to the impact of COVID-19 pandemic and market factors, the Company slightly delayed the berth reconstruction project, with the further improvement of the pandemic control and gradual stabilization of market development, the reconstruction of the West-6 berth is expected to move forward by the end of 2020. The Company will work out an appropriate arrangement to ensure that suitable economic benefits accrue to the Company after the acquisition West-Berth 6.

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 interim report.

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).



Management Discussion and Analysis (Continued)

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 uncertain. 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:

1. 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.

2. 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.

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 CG Code 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 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 as its own code of conduct for the Directors and 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.

INTERIM DIVIDEND

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

AUDIT COMMITTEE

The unaudited interim condensed financial statements of the Company for the six months ended 30 June 2020 have been reviewed by the Company's audit committee.

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Mr. Zhang Baohua has resigned as a non-executive Director and the chairman of the Board due to change in work arrangements to serve as member of party committee and deputy general manager of Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司), and ceased to serve as the chairman of the Nomination Committee, with effect from 3 April 2020.

Mr. Ng Chee Keong has resigned as a non-executive Director and deputy chairman of the Board due to his other business engagements, and ceased to serve as a member of the Nomination Committee, with effect from 3 April 2020.

Other Information (Continued)

At the 2019 annual general meeting of the Company held on 18 May 2020, each of Mr. Wang Yufu and Mr. Pay Cher Wee was appointed as a non-executive Director. Mr. Wang Yufu had also been appointed as the chairman of the Board and the chairman of the Nomination Committee, while Mr. Pay Cher Wee had been appointed as a member of the Nomination Committee.

Save as disclosed in this interim report, there was no change in the information of Directors, Supervisors and the chief executive of the Company required to be disclosed under Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

USE OF NET PROCEEDS FROM THE 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 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, 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 the West-6 berth; approximately RMB7.62 million for the procurement of equipment and machinery for the 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 RMB Million	Utilized amount from 1 January 2020 to 30 June 2020 RMB Million	Unutilized amount as at 30 June 2020 RMB Million	Expected timeline for utilizing the remaining IPO Proceeds ^(Note)
Acquisition of West-6 berth	364.26	18.23	0	–
Procurement of equipment and machinery	7.62	0	101.67	Expected to be fully utilized on or before 31 December 2020
Working capital and general corporate use	54.64	0	0	–
Total	426.52	18.23	101.67	

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.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2020, to the best knowledge of the Directors, none of the Directors, the Supervisors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period was the Company, its parent company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement that would enable the Directors, the Supervisors and chief executive of the Company, or their respective spouse or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, the Supervisors and chief executive of the Company, or their respective spouse or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, to the best knowledge of the Directors, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of shares interested	Class of shares	Long/short position	Percentage of shareholding to the relevant class of shares ⁽³⁾ (%)	Percentage to total issued share capital ⁽⁴⁾ (%)
Shandong Port Group ⁽¹⁾	Interest in controlled corporation	840,000,000	Domestic Shares	Long position	100	50.60
Rizhao Port Group ⁽¹⁾	Interest in controlled corporation	840,000,000	Domestic Shares	Long position	100	50.60
Rizhao Port	Beneficial owner	840,000,000	Domestic Shares	Long position	100	50.60
Jurong Port Pte Ltd ("Jurong Port") ⁽²⁾	Interest in controlled corporation	360,000,000	H Shares	Long position	43.90	21.69
Jurong Port Rizhao Holding Pte Ltd ("Jurong Port Holding")	Beneficial owner	360,000,000	H Shares	Long position	43.90	21.69
Orient Fund Management Co., Ltd.	Trustee	58,520,000	H Shares	Long position	7.14	3.52

Other Information (Continued)

- (1) Rizhao Port Group is the controlling shareholder of Rizhao Port and directly held 43.58% of the equity interest in Rizhao Port, and indirectly held 0.88% of the equity interest in Rizhao Port through its wholly-owned subsidiary, Rizhao Port Group Lanshan Port Company Limited (日照港集團嵐山港務有限公司), as at 30 June 2020. Therefore, Rizhao Port Group is deemed to be interested in the 840,000,000 Domestic Shares held by Rizhao Port. On 22 August 2019, Rizhao Municipal Government entered into an equity transfer agreement with Shandong SASAC and Shandong Port Group, pursuant to which inter alia, Rizhao Municipal Government agreed to gratuitously transfer the 100% equity interests in Rizhao Port Group held by it to Shandong Port Group (the “**Proposed Restructuring**”). Upon completion of the Proposed Restructuring, Shandong Port Group will directly own 100% of the equity interests in Rizhao Port Group, which in turn holds, in aggregate, 44.46% of the equity interests in Rizhao Port. Therefore, Shandong Port Group is deemed to be interested in the 840,000,000 Domestic Shares held by Rizhao Port. On 8 June 2020, Shandong SASAC issued the Reply on Approval of the Gratuitous Transfer of 100% state-owned property rights of Rizhao Port Group Co., Ltd. by the Shandong SASAC (《山東省國資委關於批准山東省國資委無償轉讓日照港集團有限公司100%國有產權的批覆》), pursuant to which Shandong SASAC agreed with the gratuitous transfer of the 100% state-owned property rights of Rizhao Port Group held by the Rizhao Municipal Government and the entitlement of equity interests thereof to Shandong Port Group. As at 30 June 2020, the Proposed Restructuring has not been completed. For details of the Proposed Restructuring, please refer to the announcements of the Company dated 22 August 2019 and 8 June 2020. The Company will make further announcement(s) with regard to the progress of the Proposed Restructuring as and when required under the Takeovers Code and/or the Listing Rules.
- (2) Jurong Port directly held 100% of the equity interest of Jurong Port Holding as at 30 June 2020. Therefore, Jurong Port is deemed to be interested in the 360,000,000 H Shares held by Jurong Port Holding.
- (3) The calculation is based on the percentage of shareholding in the Domestic Shares or H Shares (as the case may be) as at 30 June 2020.
- (4) The calculation is based on the total number of 1,660,000,000 Shares in issue comprising 840,000,000 Domestic Shares and 820,000,000 H Shares as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any persons (who were not Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

As at 30 June 2020, the Company has not implemented any share option scheme.

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

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

Condensed Statement of Financial Position

As at 30 June 2020

	Notes	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	1,883,247	1,917,310
Deposits for purchase of property, plant and equipment		915	985
Investment properties	14	306,884	310,771
Intangible assets	15	1,752	1,888
Other non-current assets	16	1,309	1,375
		2,194,107	2,232,329
Current assets			
Inventories		4,201	4,097
Trade and other receivables	17	77,624	67,020
Bills receivables at fair value through other comprehensive income ("FVTOCI")	18	28,386	7,956
Contract assets		–	1,733
Cash and cash equivalents		282,435	198,107
		392,646	278,913
Current liabilities			
Trade and other payables	19	23,100	38,014
Contract liabilities		84	84
Lease liabilities	20	8,082	13,312
Advance payments from lease contract	21	2,375	2,375
Bank borrowings	22	75,000	25,000
Income tax payable		12,809	7,171
Dividends payable		40,000	–
		161,450	85,956
Net current assets		231,196	192,957
Total assets less current liabilities		2,425,303	2,425,286

Condensed Statement of Financial Position (Continued)

As at 30 June 2020

	<i>Notes</i>	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities	20	207,645	207,875
Advance payments from lease contract	21	21,446	21,969
Bank borrowings	22	25,000	75,000
Deferred tax liabilities		5,838	6,450
		259,929	311,294
Net assets			
		2,165,374	2,113,992
CAPITAL AND RESERVES			
Share capital	23	1,660,000	1,660,000
Reserves		505,374	453,992
Total equity			
		2,165,374	2,113,992

Condensed Statement of Changes in Equity

For the six months ended 30 June 2020

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	FVTOCI reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2020 (Audited)	1,660,000	105,245	159,077	30,763	–	158,907	2,113,992
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	91,382	91,382
Transaction with owners							
Dividends	–	–	–	–	–	(40,000)	(40,000)
Balance at 30 June 2020 (Unaudited)	1,660,000	105,245	159,077	30,763	–	210,289	2,165,374
Balance at 1 January 2019 (Audited)	1,200,000	–	159,077	16,385	–	32,154	1,407,616
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	80,605	80,605
Other comprehensive loss for the period	–	–	–	–	(6)	–	(6)
	–	–	–	–	(6)	80,605	80,599
Transaction with owners							
Issue of new shares in the public offer (<i>Note 23</i>)	400,000	127,820	–	–	–	–	527,820
Listing expense (<i>Note 23</i>)	–	(37,992)	–	–	–	–	(37,992)
Total transaction with owners	400,000	89,828	–	–	–	–	489,828
Balance at 30 June 2019 (Unaudited)	1,600,000	89,828	159,077	16,385	(6)	112,759	1,978,043

Condensed Statement of Cash Flows

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	149,340	142,225
Income tax paid	(24,013)	(17,809)
<i>Net cash from operating activities</i>	125,327	124,416
Cash flows from investing activities		
Payments and deposits placed for property, plant and equipment	(19,685)	(2,666)
Payments of intangible assets	–	(100)
Interest received	348	142
<i>Net cash used in investing activities</i>	(19,337)	(2,624)
Cash flows from financing activities		
Proceeds from bank borrowings	–	150,000
Decrease in amounts due to related parties	(3,420)	–
Proceeds from issuing shares	–	527,820
Interest paid	(12,782)	(12,385)
Payment of lease liabilities	(5,460)	(4,824)
Dividends paid	–	(202,000)
Payments of costs of issuing shares	–	(22,190)
Deferred costs of issuing shares	–	(6,738)
<i>Net cash (used in)/from financing activities</i>	(21,662)	429,683
Net increase in cash and cash equivalents	84,328	551,475
Cash and cash equivalents at 1 January	198,107	55,491
Cash and cash equivalents as at 30 June, represented by bank balance and cash	282,435	606,966



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 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 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”).

The board of directors (the “Board of Directors”) of the Company is pleased to present the unaudited condensed interim financial statements of the Company for the six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding period in 2019 and the relevant explanatory notes as set out below. The condensed interim financial statements have not been audited but have been reviewed by the audit committee.

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

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

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. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2019.

4. REVENUE

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

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

4. REVENUE (CONTINUED)

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Types of services		
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	251,597	228,035
Timing of revenue recognition		
Over time	232,466	218,260
At a point in time	19,131	9,775
Total	251,597	228,035

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

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 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.

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Customer A	37,244	40,603
Customer B	36,445	(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.

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

6. OTHER INCOME AND OTHER GAINS

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Other income		
Interest income	348	142
Others	578	1,646
Total	926	1,788
Other gains		
Others	—	4

7. IMPAIRMENT LOSSES, NET OF REVERSAL

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Impairment losses on trade receivables	497	1,317
Impairment losses on other receivables	8	7
Impairment losses reversed on contract assets	(38)	(212)
	467	1,112

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

8. FINANCE COSTS

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

9. PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Rental income from investment properties	41,921	38,492
Less: direct operating expenses incurred from investment properties	(3,887)	(3,906)
Net rental income from investment properties	38,034	34,586
Depreciation:		
– Property, plant and equipment	44,004	41,148
– Right-of-use assets	9,814	9,347
– Investment properties	3,887	3,887
Amortisation of intangible assets	136	132
Total depreciation and amortisation charged to profit or loss	57,841	54,514

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

9. PROFIT BEFORE INCOME TAX (CONTINUED)

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Lease charges:		
– Short-term leases or leases with lease term less than 12 months	284	312
– Leases of low-value items	137	135
Staff costs:		
– Directors' and supervisors' emoluments	423	391
– Other staff costs (exclude directors' and supervisors' emoluments):		
– Salaries, allowances and other benefits	17,229	17,285
– Retirement benefit scheme contributions	5,635	7,017
Total staff costs	23,287	24,693

10. INCOME TAX EXPENSE

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

11. 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 of directors does not recommend the payment of an interim dividend as of June 30, 2020.

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

12. EARNINGS PER SHARE

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

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 23).

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.

13. 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 and 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).

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

14. INVESTMENT PROPERTIES

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

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

15. INTANGIBLE ASSETS

	Software RMB'000 (Unaudited)	Rights to use sea area RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 1 January 2019			
Cost	2,620	–	2,620
Accumulated amortisation	(581)	–	(581)
Net book amount	2,039	–	2,039
Year ended 31 December 2019			
Opening net book amount	2,039	–	2,039
Additions	99	18	117
Amortisation	(267)	(1)	(268)
Closing net book amount	1,871	17	1,888
As at 31 December 2019 and 1 January 2020			
Cost	2,719	18	2,737
Accumulated amortisation	(848)	(1)	(849)
Net book amount	1,871	17	1,888
For the six months ended 30 June 2020			
Opening net book amount	1,871	17	1,888
Amortisation	(136)	–	(136)
Closing net book amount	1,735	17	1,752
As at 30 June 2020			
Cost	2,719	18	2,737
Accumulated amortisation	(984)	(1)	(985)
Net book amount	1,735	17	1,752

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

16. OTHER NON-CURRENT ASSETS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Taxes prepaid for rental income from properties under operating lease arrangement	1,309	1,375

17. TRADE AND OTHER RECEIVABLES

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

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (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	3,908	365
	50,549	31,853

18. BILLS RECEIVABLES AT FVTOCI

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

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

The valuation method and major data of bills receivables of the Company as at 30 June 2020 and 31 December 2019 includes discounted cash flow at a discount rate that reflects the current borrowing rate at the end of the reporting period.

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

19. TRADE AND OTHER PAYABLES

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade payables		
– Due to related parties	3,149	7,519
– Due to third parties	2,625	6,835
	5,774	14,354
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
	17,326	23,660
Total trade and other payables	23,100	38,014

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (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
	5,774	14,354

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

20. LEASE LIABILITIES

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (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
	713,107	755,548
Less: future lease liabilities finance charges	(497,380)	(534,361)
Present value of lease liabilities	215,727	221,187
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
	215,727	221,187
Less: payment due within 1 year (presented under current liabilities)	(8,082)	(13,312)
Payment due after 1 year	207,645	207,875

Note: Included in the above balances, the present value of RMB5,498,000 and RMB210,229,000 (31 December 2019: RMB10,820,000 and RMB210,367,000) with total minimum lease payments of RMB5,603,000 and RMB707,504,000 (31 December 2019: RMB11,207,000 and RMB744,341,000) represent lease liabilities payable to Rizhao Port and Rizhao Port Group, respectively.

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

21. ADVANCE PAYMENTS FROM LEASE CONTRACT

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

22. BANK BORROWINGS

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

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

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

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

23. SHARE CAPITAL

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

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.

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

During the six months 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 each have been issued at an issue price of HK\$1.50 each.

24. 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	98,000	99,406

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

25. CONNECTED AND RELATED PARTY TRANSACTIONS

Saved as transactions/information disclosed elsewhere in the condensed interim financial statements, the Company had material transactions with connected persons during the period as follows:

(a) During the period, the connected and related parties that had transactions with the Company were as follows:

Name of related parties	Relationship with the Company
Rizhao Port Group	Ultimate holding company
Rizhao Port	Immediate holding company
Rizhao Port Logistics Co., Ltd.# (日照港物流有限公司) (“Rizhao Port Logistics”)	Subsidiary of Rizhao Port Group
Rizhao Port Information Technology Co., Ltd.# (日照口岸信息技術有限公司) (“Rizhao Port Information”)	Subsidiary of Rizhao Port Group
Rizhao Port Power Engineering Co., Ltd.# (日照港動力工程有限公司) (“Rizhao Port Power”)	Subsidiary of Rizhao Port Group
Shandong Gangwan Construction Group Co., Ltd.# (山東港灣建設集團有限公司) (“Shandong Gangwan”)	Subsidiary of Rizhao Port Group
Rizhao Port Construction and Supervision Co., Ltd.# (日照港建設監理有限公司) (“Rizhao Port Supervision”)	Subsidiary of Rizhao Port Group
Rizhao Port Machinery Engineering Co., Ltd.# (日照港機工程有限公司) (“Rizhao Port Machinery”)	Subsidiary of Rizhao Port Group
Rizhao Port Handling Co., Ltd.# (日照海港裝卸有限公司) (“Rizhao Port Handling”)	Subsidiary of Rizhao Port Group
Rizhao Port Container Development Co., Ltd.# (日照港集裝箱發展有限公司) (“Rizhao Port Container”)	Subsidiary of Rizhao Port Group
Rizhao Port Group Finance Co., Ltd. (日照港集團財務有限公司) (“RPG Finance”)	Subsidiary of Rizhao Port Group
Rizhao Port Property Co., Ltd.# (日照港物業有限公司) (“Rizhao Port Property”)	Subsidiary of Rizhao Port Group
Rizhao Port Property Co., Ltd. Youth Hostel (日照港物業有限公司青年公寓) (“Rizhao Port Youth Hostel”)	Subsidiary of Rizhao Port Group
Shandong Lanxiang Construction Engineering Co. Ltd. (山東藍象建築工程有限公司) (“Shandong Lanxiang”)	Subsidiary of Rizhao Port Group
Lanshan Branch of Rizhao Port Co., Ltd. (日照港股份有限公司嵐山裝卸分公司) (“Lanshan Branch of Rizhao Port”)	Subsidiary of Rizhao Port Group

The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

25. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(b) During the period, the material transactions with related parties of the Company were as follows:

Name of related parties	Nature of transactions	For six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Rizhao Port Group	Interest paid on lease liabilities	10,226	10,273
Rizhao Port Power	Procurement of utility services	8,053	9,055
Shandong Gangwan	Procurement of construction service	25,773	428
Rizhao Port Handling	Procurement of port related services	22,655	21,662
Rizhao Port	Procurement of utility services and berth leasing expense	5,169	11,714
Rizhao Port	Interest paid on lease liabilities	282	619
Rizhao Port	Berth leasing income	600	–
Rizhao Port Container	Berth leasing income	3,509	3,778
RPG Finance	Interest income	123	127
Rizhao Port Logistics	Stevedoring service income	16,878	5,220

(c) Related party balances

Amounts due to related parties (non-trade nature)

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Rizhao Port Machinery	141	72
Rizhao Port Power	–	52
Rizhao Port Supervision	25	25
Shandong Gangwan	10,980	14,441
Rizhao Port Information	19	19
Rizhao Port Property	49	49
Shandong Lanxiang	38	14
Total	11,252	14,672

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

25. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances (Continued)

Amounts due to related parties (trade nature)

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Lanshan Branch of Rizhao Port	2,307	7,519
Rizhao Port	842	–
Total	3,149	7,519

Deposits paid to related party for acquisition of property, plant and equipment

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Rizhao Port Youth Hostel	–	101

Lease liabilities payables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Rizhao Port	5,498	10,820
Rizhao Port Group	210,229	210,367
Total	215,727	221,187

Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

25. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances (Continued)

Right-of-use assets – Prepaid lease payments

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Rizhao Port Group	3,829	4,594

(d) Cash and cash equivalents balances placed with related company

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
RPG Finance	129,671	86,610

(e) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	For six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Basic salaries	586	479
Bonus	499	362
Retirement benefit scheme contributions	210	267
	1,295	1,108



Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2020

26. MAJOR NON-CASH TRANSACTIONS

During the period ended 30 June 2020, the Company did not have any major non-cash transaction. During the period ended 30 June 2019, in addition to the transactions/information disclosed elsewhere in the interim financial statements, the Company had the following major non-cash transactions:

- (i) During the period ended 30 June 2019, the Company entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounting to RMB10,423,000 was recognised at the lease commencement date.
- (ii) During the period ended 30 June 2019, the Company settled dividend payable to an intermediate holding company by bills receivables of RMB8,000,000.