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

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

**(Stock Code: 6117)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

### **FINANCIAL HIGHLIGHTS**

During the Reporting Period:

- Revenue of the Company was RMB615.318 million, representing an increase of 13.4% as compared with the same period of last year;
- Net profit attributable to shareholders of the Company was RMB151.129 million, representing an increase of 7.1% as compared with the same period of last year;
- Earnings per share of the Company was RMB9.10 cents; and
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of Rizhao Port Jurong Co., Ltd. (the “**Company**”) is pleased to announce the audited financial results (the “**Final Results**”) of the Company for the year ended 31 December 2020 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2019. The Final Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>Revenue</b>	4	<b>615,318</b>	542,783
Cost of sales		<u>(379,161)</u>	<u>(303,218)</u>
<b>Gross profit</b>		<b>236,157</b>	239,565
Other income	6	<b>7,700</b>	8,170
Other gains/(losses), net		<b>272</b>	(561)
Reversal of impairment losses		<b>259</b>	9
Selling and distribution expenses		<b>(3,901)</b>	(4,534)
Administrative expenses		<b>(14,251)</b>	(13,752)
Listing expenses		<b>–</b>	(12,363)
Finance costs	7	<u><b>(24,397)</b></u>	<u>(27,812)</u>
<b>Profit before income tax</b>	8	<b>201,839</b>	188,722
Income tax expense	9	<u><b>(50,710)</b></u>	<u>(47,591)</u>
<b>Profit and total comprehensive income attributable to the owners of the Company for the year</b>		<u><b>151,129</b></u>	<u>141,131</u>
<b>Earnings per share for profit attributable to the owners of the Company</b>			
– Basic and diluted ( <i>expressed in RMB</i> )	10	<u><b>9.10 cents</b></u>	<u>9.78 cents</u>

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	1,849,524	1,917,310
Deposits for purchase of property, plant and equipment		1,198	985
Investment properties	13	302,996	310,771
Intangible assets		2,910	1,888
Other non-current assets		1,242	1,375
		<u>2,157,870</u>	<u>2,232,329</u>
<b>Current assets</b>			
Inventories		3,912	4,097
Trade and other receivables	14	48,012	67,020
Bills receivable at fair value through other comprehensive income (“FVTOCI”)	15	11,000	7,956
Contract assets		1,490	1,733
Cash and cash equivalents		280,280	198,107
		<u>344,694</u>	<u>278,913</u>
<b>Current liabilities</b>			
Trade and other payables	16	34,144	38,014
Contract liabilities		150	84
Lease liabilities	17	2,677	13,312
Advance payments from lease contract	18	2,375	2,375
Bank borrowings		–	25,000
Income tax payable		7,452	7,171
		<u>46,798</u>	<u>85,956</u>
<b>Net current assets</b>		<u>297,896</u>	<u>192,957</u>
<b>Total assets less current liabilities</b>		<u>2,455,766</u>	<u>2,425,286</u>

	<i>Notes</i>	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Lease liabilities	17	<b>205,198</b>	207,875
Advanced payments from lease contract	18	<b>19,594</b>	21,969
Bank borrowings		–	75,000
Deferred tax liabilities		<b>5,662</b>	6,450
		<u><b>230,454</b></u>	<u>311,294</u>
<b>Net assets</b>		<u><b>2,225,312</b></u>	<u>2,113,992</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	19	<b>1,660,000</b>	1,660,000
Reserves		<b>565,312</b>	453,992
<b>Total equity</b>		<u><b>2,225,312</b></u>	<u>2,113,992</u>

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2020		<u>1,660,000</u>	<u>105,245</u>	<u>159,077</u>	<u>30,763</u>	<u>158,907</u>	<u>2,113,992</u>
<b>Total comprehensive income for the year</b>							
Profit and total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,129</u>	<u>151,129</u>
<b>Transactions with owners</b>							
Appropriation for statutory reserve		<u>-</u>	<u>-</u>	<u>-</u>	<u>15,845</u>	<u>(15,845)</u>	<u>-</u>
Dividend paid	11	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,809)</u>	<u>(39,809)</u>
Total transactions with owners		<u>-</u>	<u>-</u>	<u>-</u>	<u>15,845</u>	<u>(55,654)</u>	<u>(39,809)</u>
<b>Balance at 31 December 2020</b>		<u><u>1,660,000</u></u>	<u><u>105,245</u></u>	<u><u>159,077</u></u>	<u><u>46,608</u></u>	<u><u>254,382</u></u>	<u><u>2,225,312</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

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

The Company’s immediate holding company is Rizhao Port Co., Ltd. (“**Rizhao Port**”), a joint stock company with limited liability incorporated in the PRC and its shares are listed for trading on the Main Board of Shanghai Stock Exchange (Stock Code: 600017). In the opinion of the directors, before 26 October 2020, the ultimate holding company was Rizhao Port Group Co., Ltd. (“**Rizhao Port Group**”), a company incorporated in the PRC with limited liability. Since 26 October 2020, Shandong Port Group Co., Ltd. (山東省港口集團有限公司, “**Shandong Port Group**”) becomes the ultimate holding company of the Company, a company incorporated in the PRC with limited liability and a state-owned enterprise ultimately controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission. Rizhao Port Group becomes the intermediate holding company of the Company.

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

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

### 2. BASIS OF PREPARATION

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

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

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

### 3. ADOPTION OF NEW AND AMENDED IFRSs

#### **New and amended IFRSs that are effective for annual periods beginning on or after 1 January 2020**

In the current year, the Company has applied for the first time the following new and amended IFRSs issued by IASB, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning on 1 January 2020:

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

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

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

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

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;

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

The application of these amendments has had no impact on the Company’s financial statements.

### Issued but not effective IFRSs

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

IFRS 17	<i>Insurance Contracts and related amendments</i> <sup>4</sup>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> <sup>6</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>5</sup>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non- current</i> <sup>4</sup>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> <sup>3</sup>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>3</sup>
Amendments to IFRSs	<i>Annual Improvements to IFRS Standards 2018–2020</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>5</sup> Effective date to be determined

<sup>6</sup> Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Directors anticipate that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning on or after the effective date of the pronouncement, and these are not expected to have a material impact on the Company's financial statements.

#### 4. REVENUE

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers –		
Provision of services	<b>534,094</b>	464,655
Rental income from investment properties	<b>81,224</b>	78,128
Total revenue	<b>615,318</b>	542,783

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

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Types of services</b>		
Stevedoring service	<b>459,063</b>	406,315
Storage service	<b>12,443</b>	23,551
Port management services	<b>13,839</b>	11,673
Logistics agency services	<b>48,749</b>	23,116
Total	<b>534,094</b>	464,655
<b>Timing of revenue recognition</b>		
Over time	<b>485,345</b>	441,539
At a point in time	<b>48,749</b>	23,116
Total	<b>534,094</b>	464,655

## 5. SEGMENT INFORMATION

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

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

### Geographic information

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

### Information about major customers

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

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Customer A	<b>76,684</b>	64,017
Customer B	<i>(Note)</i>	58,581
	<u><u>          </u></u>	<u><u>          </u></u>

*Note:* The Company has transactions with this customer but the amount of the transactions was less than 10% of revenue for 2020.

## 6. OTHER INCOME

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Interest income	<b>1,840</b>	664
Government subsidies <i>(Note)</i>	<b>5,050</b>	6,000
Others	<b>380</b>	569
Exchange gains	<b>430</b>	937
	<u><u>          </u></u>	<u><u>          </u></u>
	<b>7,700</b>	8,170

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

## 7. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Interest expense</b>		
– Interest on bank borrowings	3,572	6,175
– Interest on lease liabilities	20,825	21,637
	<u>24,397</u>	<u>27,812</u>

## 8. PROFIT BEFORE INCOME TAX

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Rental income from investment properties	81,224	78,128
Less: direct operating expenses incurred from investment properties	(7,775)	(7,775)
Net rental income from investment properties	<u>73,449</u>	<u>70,353</u>
Auditor's remuneration	525	1,607
Depreciation:		
– Property, plant and equipment	87,927	84,031
– Right-of-use assets	19,626	19,100
– Investment properties	7,775	7,775
Amortisation of intangible assets	284	268
Total depreciation and amortisation charged to profit or loss	<u>115,612</u>	<u>111,174</u>
Lease charges:		
– Short-term leases or leases with lease term less than 12 months under initial application of IFRS 16 as at 1 January 2019	103	457
– Leases of low-value items	212	470
Directors' and supervisors' emoluments	1,007	863
Other staff costs (exclude directors' and supervisors' emoluments):		
– Salaries, allowances and other benefits	47,218	41,951
– Retirement benefit scheme contributions (Note)	8,159	14,232
Total staff costs	<u>56,384</u>	<u>57,046</u>

Note: During the year ended 31 December 2020, the Company is benefit from the preferential policy of social insurance fee reduction and exemption during the COVID-19 epidemic.

## 9. INCOME TAX EXPENSE

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax		
– PRC enterprise income tax (“EIT”)	<b>51,498</b>	49,423
Deferred tax	<u>(788)</u>	<u>(1,832)</u>
	<b><u>50,710</u></b>	<b><u>47,591</u></b>

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

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and Provision for Implementation of the EIT Law, the tax rate of the Company is 25% for 2020 (2019: 25%).

## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Earnings</b>		
Profit for the year attributable to the owners of the Company	<u><u>151,129</u></u>	<u><u>141,131</u></u>
	<b>2020</b>	2019
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><u>1,660,000,000</u></u>	<u><u>1,443,232,877</u></u>
	<b>2020</b>	2019
<b>Basic earnings per share (RMB cents)</b>	<u><u>9.10</u></u>	<u><u>9.78</u></u>

The weighted average number of ordinary shares for the year ended 31 December 2019 had included the effect of (i) 400,000,000 ordinary shares issued under the offering and (ii) over-allotment of ordinary shares as disclosed in note 19.

### (b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2020 and 2019. Therefore, the basic earnings per share are equal to the diluted earnings per share.

## **11. DIVIDENDS**

The Company declared and paid final dividends of the year ended 31 December 2019 of RMB39,809,000 during the year ended 31 December 2020 (2019: paid dividends declared in 2018 of RMB250,000,000). The Board of Directors does not recommend the payment of any dividend of the year ended 31 December 2020 (2019: approximately RMB40,000,000).

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

During the year ended 31 December 2020, the additions of property, plant and equipment excluding construction in progress and right-of-use assets, mainly for terminal facilities, buildings, loading equipment and communication facilities and other equipment, were RMB3,594,000 (2019: RMB6,889,000).

During the year ended 31 December 2020, the Company write-off certain property, plant and equipment at the carrying amount of RMB436,000 (2019: disposed at the carrying amount of RMB941,000, resulting loss on disposal of RMB907,000).

During the year ended 31 December 2020, the addition of construction in progress was RMB36,609,000 (2019: RMB489,663,000) and RMB221,126,000 (2019: RMB280,124,000) was transferred to certain items of property, plant and equipment.

### 13. INVESTMENT PROPERTIES

**Terminal facilities**  
*RMB'000*

**At 1 January 2019**

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

**Net book amount** 318,546

**Year ended 31 December 2019**

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

**Closing net book amount** 310,771

**At 31 December 2019 and 1 January 2020**

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

**Net book amount** 310,771

**Year ended 31 December 2020**

Opening net book amount	310,771
Depreciation	<u>(7,775)</u>

**Closing net book amount** 302,996

**At 31 December 2020**

Cost	399,318
Accumulated depreciation	<u>(96,322)</u>

**Net book amount** 302,996

#### 14. TRADE AND OTHER RECEIVABLES

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	<b>23,975</b>	32,700
Less: Expected credit losses (“ECL”) allowance of trade receivables	<u>(588)</u>	<u>(847)</u>
	<u><b>23,387</b></u>	<u>31,853</u>
Prepayments	<b>686</b>	272
Value-added tax receivables	<u><b>23,939</b></u>	<u>34,895</u>
	<u><b>24,625</b></u>	<u>35,167</u>
Total trade and other receivables	<u><b>48,012</b></u>	<u>67,020</u>

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 30 days	<b>17,911</b>	20,383
31 – 60 days	<b>1,766</b>	9,057
61 – 90 days	<b>3,689</b>	2,048
Over 90 days	<u><b>21</b></u>	<u>365</u>
	<u><b>23,387</b></u>	<u>31,853</u>

## 15. BILLS RECEIVABLE AT FVTOCI

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	<b>9,700</b>	7,956
Over 3 months but within 6 months	<b>1,300</b>	–
	<b>11,000</b>	7,956

## 16. TRADE AND OTHER PAYABLES

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables		
- Due to related parties	<b>1,740</b>	7,519
- Due to third parties	<b>5,565</b>	6,835
	<b>7,305</b>	14,354
Other payables		
- Amounts due to related parties	<b>13,761</b>	14,672
- Other tax payables	–	409
- Payroll payable	<b>3,293</b>	2,779
- Retention payable due within one year	<b>7,280</b>	1,576
- Other payables	<b>2,505</b>	4,224
	<b>26,839</b>	23,660
Total trade and other payables	<b>34,144</b>	38,014

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

	<b>2020</b> <i><b>RMB'000</b></i>	2019 <i>RMB'000</i>
0 – 30 days	<b>5,803</b>	11,674
31 – 60 days	<b>494</b>	1,419
61 – 90 days	<b>376</b>	947
Over 90 days	<b>632</b>	314
	<u><b>7,305</b></u>	<u>14,354</u>

## 17. LEASE LIABILITIES

	<b>2020</b> <i><b>RMB'000</b></i>	2019 <i>RMB'000</i>
Total minimum lease payments:		
Due within 1 year	<b>22,929</b>	34,136
Due within 2 to 5 years	<b>83,877</b>	86,441
Due more than 5 years (include reasonably certain to be exercised)	<b>614,605</b>	634,971
	<u><b>721,411</b></u>	<u>755,548</u>
Less: future lease liabilities finance charges	<u><b>(513,536)</b></u>	<u>(534,361)</u>
Present value of lease liabilities	<u><b>207,875</b></u>	<u>221,187</u>

	<b>2020</b> <i><b>RMB'000</b></i>	2019 <i>RMB'000</i>
Present value of minimum lease payments:		
Due within 1 year	<b>2,677</b>	13,312
Due within 2 to 5 years	<b>4,403</b>	6,465
Due more than 5 years	<b>200,795</b>	201,410
	<b>207,875</b>	221,187
Less: payment due within 1 year (presented under current liabilities)	<b>(2,677)</b>	(13,312)
Payment due after 1 year	<b>205,198</b>	207,875

#### **18. ADVANCE PAYMENTS FROM LEASE CONTRACT**

	<b>2020</b> <i><b>RMB'000</b></i>	2019 <i>RMB'000</i>
Lease payments received in advance	<b>21,969</b>	24,344
Less: Classified as current liabilities – Advance payments from lease contract	<b>(2,375)</b>	(2,375)
Non-current portion of lease payments	<b>19,594</b>	21,969

## 19. SHARE CAPITAL

	Foreign shares	Domestic shares	H shares	Number of shares	RMB'000
Issued and fully paid-up ordinary shares with par value of RMB1 each					
At 1 January 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>At 31 December 2019, 1 January 2020 and 31 December 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 of the Company were foreign shares as at 1 January 2019, which were converted into H shares of the Company upon the listing on 19 June 2019.

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

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

## 20. CAPITAL COMMITMENTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	<b>74,457</b>	<b>99,406</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL SITUATION

#### Macroeconomic Situation

In 2020, in the face of the global COVID-19 pandemic (“**COVID-19 pandemic**”) and profound changes in the international political and economic landscape, China continued to strengthen prevention and control of the pandemic, and achieved major strategic achievements in prevention and control of the pandemic. With the constant implementation of the policy of resumption of work and production, recovery of business and market, and implementation of the “six stabilities” and “six guarantees” policies, China has taken the lead in achieving economic recovery growth in the world. The GDP growth throughout the year reached 2.3% (Data source: China’s Government Work Report). In 2020, China’s total import and export value of the trade in cargos amounted to RMB32.16 trillion, representing a year-on-year increase of 1.9%. The total import and export value of China throughout the year reached a record high, and the international market share also set the best record, becoming the world’s only major economy to realize the positive growth of goods trade (Data source: China Customs Statistics).

#### Operation of the Port Industry

In 2020, the cargo throughput of the ports in the PRC reached 14,550 million tonnes, representing a year-on-year increase of 4.3%; domestic and foreign trade cargo throughput amounted to 10,050 million tonnes and 4,500 million tonnes, representing year-on-year increase of 4.4% and 4.0%, respectively; the cargo throughput of the ports in the PRC maintained a relatively high growth trend. (Source: Ministry of Transport of the PRC)

Driven by the domestic market demand, the grains import of China has increased significantly. In 2020, the total import volume of grains in China was 142.621 million tonnes, representing a year-on-year increase of 31.175 million tonnes, or 27.97%, of which the import volume of soybean was 100.327 million tonnes, representing a year-on-year increase of 13.3%, accounting for 70.3% to the total import volume of grains; the import volume of cereals was 35.791 million tonnes, representing a year-on-year increase of 99.8%; in which the import volume of maize exceeded 10 million tonnes, reaching 11.296 million tonnes; the import volume of other goods including barley, sorghum, rice and tapioca increased. (Data source: China Customs Statistics)

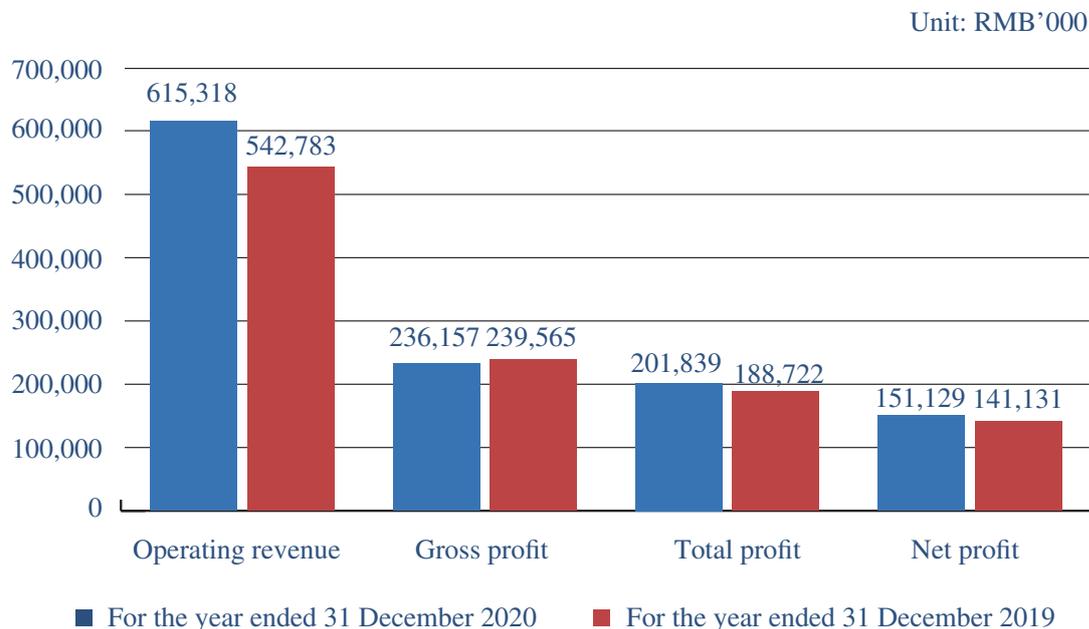
## BUSINESS AND FINANCIAL REVIEW

### Overall Review

In 2020, the Company strengthened the coordination of resources and development of source of goods, overcame the adverse impact of market environment to build a “broad channel” of grain logistics to stabilize foreign trade, ensure smooth flow and promote growth, actively developed maize, sorghum and other agricultural products business, enriched the structure of grain source, and expanded the diversified development of grain import. The Company also expanded the scope of comprehensive service to improve the service level of the port.

During the Reporting Period, the Company achieved 26.03 million tonnes of cargo throughput, representing an increase of 1% as compared with the same period of 2019. According to the distribution of various types of cargo, the throughput of woodchips decreased significantly as compared with the same period in 2019, the throughput of dried tapioca decreased slightly as compared with the same period last year, and the throughput of soybean, maize and other goods increased as compared with the same period in 2019. The increase of cargo throughput of grains made up for the impact of the decline of cargo throughput of woodchips on the Company’s revenue and profit. The details of the major performance indicators of the Company are as follows:

#### Comparison of Major Performance Indicators



During the Reporting Period, the Company achieved an operating revenue of RMB615.318 million, representing an increase of RMB72.535 million or 13.4% as compared with the same period of 2019.

During the Reporting Period, the Company achieved a gross profit of RMB236.157 million, representing a decrease of RMB3.408 million or 1.4% as compared with the same period of 2019.

During the Reporting Period, the Company achieved a total profit of RMB201.839 million, representing an increase of RMB13.117 million or 7% as compared with the same period of 2019.

During the Reporting Period, the Company achieved a net profit of RMB151.129 million, representing an increase of RMB9.998 million or 7.1% as compared with the same period of 2019.

## Financial Review

### Revenue

During the Reporting Period, the Company's total revenue increased by RMB72.535 million or 13.4% as compared with the same period, mainly attributable to an increase of RMB52.748 million in revenue of stevedoring service, an increase of RMB3.096 million in revenue of leasing business and an increase of RMB25.633 million in revenue of logistics agency services. The increase in revenue of stevedoring service, port management and logistics agency made up for the decrease in revenue of storage service.

#### (1) Total Revenue

	For the year ended 31 December			
	2020	2019	Period-to-period change	
	RMB'000	RMB'000	Change in amount	Percentage of change
			RMB'000	
Revenue from contracts with customers – Provision of services	534,094	464,655	69,439	15.0%
Rental income from investment properties	81,224	78,128	3,096	4.0%
Total revenue	<u>615,318</u>	<u>542,783</u>	<u>72,535</u>	<u>13.4%</u>

(2) Revenue from contracts with customers by service type

	For the year ended 31 December			
	2020	2019	Period-to-period change	Percentage of
	<i>RMB'000</i>	<i>RMB'000</i>	Change in amount <i>RMB'000</i>	change
<b>Types of services</b>				
Stevedoring service	<b>459,063</b>	406,315	52,748	13.00%
Storage service	<b>12,443</b>	23,551	(11,108)	(47%)
Port management services	<b>13,839</b>	11,673	2,166	18.6%
Logistics agency services	<b>48,749</b>	23,116	25,633	110.9%
Total	<b><u>534,094</u></b>	<b><u>464,655</u></b>	<b><u>69,439</u></b>	<b><u>14.9%</u></b>

During the Reporting Period, the Company recorded a year-on-year increase of 13% in revenue from stevedoring service, attributable to the business increase of grain imports. Logistics agency services were further extended, including railway and road transportation services, which resulted in a year-on-year increase of 110.9% in revenue from logistics agency services.

During the Reporting Period, the decrease in revenue of storage services was mainly attributable to the impact of the pandemic, which affected the shipment of some goods. In order to maintain better and long-term cooperative relationship with customers, overcome the difficulties brought by the pandemic with enterprises, and demonstrate good social responsibility and role, the Company provide certain concessions to customers affected by the pandemic. In the second half of the year, the foreign trade grain imports were discharged in a timely manner with the storage period shortened, and some cargoes have kept within the free storage period, resulting in the decrease in revenue from storage service as compared with the same period of 2019.

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

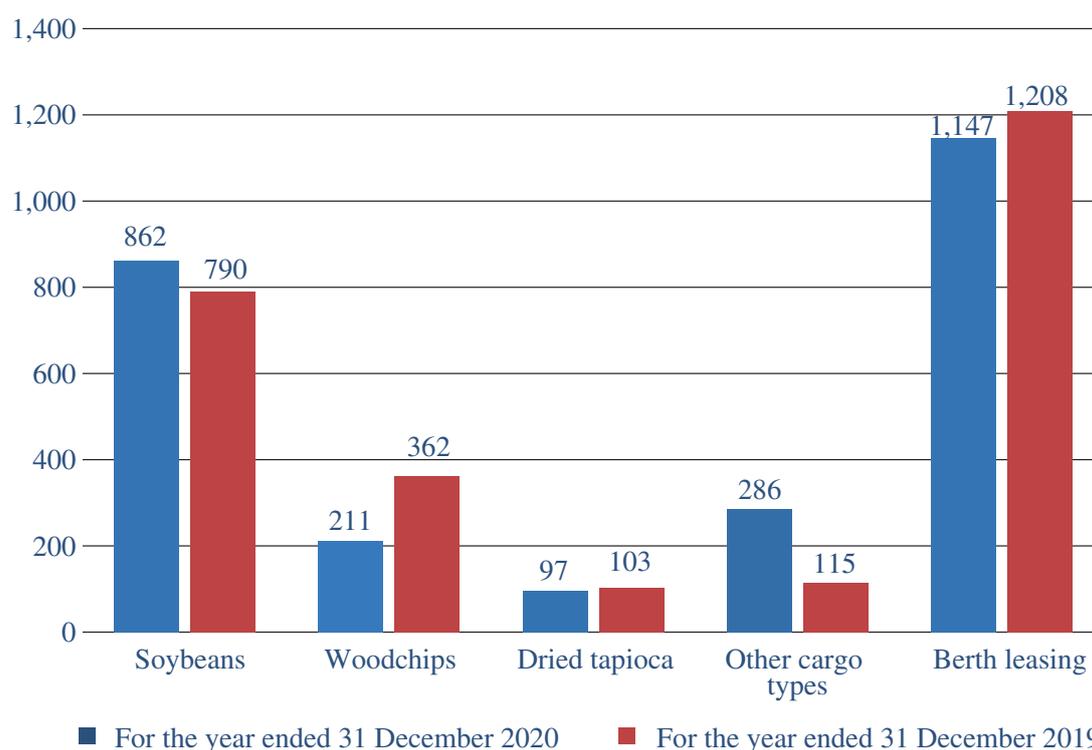
During the Reporting Period, the Company handled cargoes including soybeans, woodchips, dried tapioca and other cargo types such as maize and wheat. The following table sets forth the throughput breakdown by cargo types.

*Unit: '0000 tonnes*

Cargo type	2020		2019		Change
	Throughput	Proportion	Throughput	Proportion	
Soybeans	862	33.1%	790	30.6%	9.1%
Woodchips	211	8.1%	362	14.0%	(41.7%)
Dried tapioca	97	3.7%	103	4.0%	(5.8%)
Other cargo types	286	11.0%	115	4.5%	148.7%
Berth leasing	1,147	44.1%	1,208	46.9%	(5.0%)
<b>Total</b>	<b>2,603</b>	<b>100.0%</b>	<b>2,578</b>	<b>100.0%</b>	<b>1.0%</b>

### Comparison of Throughput by Cargo Types

*Unit: '0000 Tonnes*



## Soybeans

In 2020, the PRC imported 100.327 million tonnes of soybeans, representing a year-on-year increase of 13.3% as compared with the same period of 2019. (Source: Data of Customs of the PRC). The Company achieved 8.62 million tonnes of soybean throughput (2019: 7.90 million tonnes), of which foreign trade import volume accounted for 8.4% of the total soybean import of the PRC. Particularly, since the second quarter of 2020, the arrival volume of goods has increased. In the second and third quarters, 4.88 million tonnes of goods have been stevedored, representing an increase of 0.96 million tonnes as compared with the same period of 2019. For May 2020, 1.08 million tonnes of soybeans have been stevedored, creating several production organization records. The overall business situation was favorable.

## Woodchips

The woodchip business of the Company decreased significantly as compared with the same period of 2019 (2019: 3.62 million tonnes), with a cargo throughput of 2.11 million tonnes in 2020, representing a decrease of 41.7% as compared with the same period of 2019.

## Dried tapioca

The Company's dried tapioca business remained relatively stable accounted 0.97 million tonnes, with a decrease of 0.06 million tonnes of throughput during the Reporting Period as compared with the same period in 2019 (2019: 1.03 million tonnes).

## Other cargo types

In 2020, the Company strengthened the development of maize, sorghum and other agricultural business. At the same time, the Company made overall use of berth resources, and also engaged in the business of stevedoring other goods. The total throughput of other cargo types amounted to 2.86 million tonnes, which accounted for 11% of the total throughput of the Company in 2020, representing an increase of 1.71 million tonnes as compared with the same period in 2019 (2019: 1.15 million tonnes), which made up for the decline in woodchip 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.

## *Cost of sales*

During the Reporting Period, the cost of sales of the Company amounted to RMB379.161 million, increased by RMB75.943 million or 25% from RMB303.218 million as compared with the same period of 2019, mainly attributable to the increase in outsourcing business and the growth of the logistics agency business of the Company.

## *Gross profit*

During the Reporting Period, the Company achieved a gross profit of RMB236.157 million, decreased by RMB3.408 million or 1.4% from RMB239.565 million as compared with the same period of 2019, mainly attributable to the decrease of income of storage service.

## *Administrative expenses*

During the Reporting Period, the total administrative expenses of the Company amounted to RMB14.251 million, increased by RMB0.499 million or 3.6% from RMB13.752 million as compared with the same period of 2019, primarily due to the increase in expenses arising from the repairing project of office buildings.

## *Other income*

During the Reporting Period, other income of the Company amounted to RMB7.700 million, decreased by RMB0.470 million or 5.8% from RMB8.170 million as compared with the same period of 2019, mainly attributable to the decrease in government incentives as compared with the previous year.

## *Finance costs*

During the Reporting Period, the finance costs of the Company amounted to RMB24.397 million, decreased by RMB3.415 million or 12.3% from RMB27.812 million as compared with the same period of 2019, mainly attributable to the decrease in financing costs due to the repayment in advance of bank borrowings by the Company.

### ***Income tax expense***

During the Reporting Period, the income tax expense of the Company amounted to RMB50.710 million, increased by RMB3.119 million or 6.6% from RMB47.591 million as compared with the same period of 2019, mainly attributable to the increase in profit before tax of the Company.

### ***Total comprehensive income for the period***

Due to the foresaid reasons, during the Reporting Period, the total comprehensive income of the Company was RMB151.129 million, increased by RMB9.998 million or 7.1% from RMB141.131 million as compared with 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 31 December 2020, the Company had cash and cash equivalents of RMB280.28 million (31 December 2019: RMB198.107 million).

As at 31 December 2020, the Company had no bank borrowings (31 December 2019: RMB100 million).

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 7.37 as at 31 December 2020 (31 December 2019: 3.24).

As at 31 December 2020, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 9.34% (31 December 2019: 15.2%).

During the Reporting Period, the Company's net cash from operating activities amounted to RMB300.484 million (the corresponding period of 2019: RMB241.364 million). The Company's net cash used in investing activities during the Reporting Period amounted to RMB39.882 million (the corresponding period of 2019: RMB512.455 million). The Company's net cash used in financing activities during the Reporting Period amounted to RMB178.429 million (the corresponding period of 2019: net cash from of RMB413.707 million).

## **PLEDGE OF ASSETS**

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

## **CONTINGENT LIABILITIES**

As at 31 December 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 RMB41.722 million (the corresponding period of 2019: RMB519.666 million).

## **SIGNIFICANT INVESTMENTS**

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

## **MATERIAL ACQUISITIONS AND DISPOSAL**

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Company 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**

### **Continuing Connected Transaction – Shandong Port International Trade Rizhao Company Framework Agreement**

On 23 February 2021, the Company entered into the port-related service (sale) framework agreement with Shandong Port International Trade Group Rizhao Co., Ltd (山東港口貿易集團日照有限公司) (“**Shandong Port International Trade Rizhao Company**”), pursuant to which, the Company agreed to provide stevedoring services, cargo supervision services and other port-related services to Shandong Port International Trade Rizhao Company, for a term commencing upon the conclusion of the extraordinary general meeting of the Company and ending on 31 December 2023. For details, please refer to the announcement of the Company dated 23 February 2021.

### **Continuing Connected Transaction – Operation Outsourcing Agreement 2021**

As the operation outsourcing agreement dated 18 November 2019 (the “**Operation Outsourcing Agreement 2019**”) expired on 31 December 2020, the Company entered into the operation outsourcing agreement 2021 with Lanshan stevedoring branch of Rizhao Port (日照港股份有限公司嵐山裝卸分公司) on 23 February 2021 to renew the Operation Outsourcing Agreement 2019 for a term commencing from 23 February 2021 to 31 December 2021. For details, please refer to the announcement of the Company dated 23 February 2021.

### **Continuing Connected Transaction – Amendments to the Property Lease (Sale) Framework Agreement**

On 23 February 2021, the Company entered into the property lease (sale) supplemental framework agreement with Rizhao Port Group Co., Ltd. (日照港集團有限公司) (“**Rizhao Port Group**”) (for itself and on behalf of its subsidiaries) to add one more property, namely the West-6 berth, and revise the annual caps for the transactions of the lease of the West-6 berth under the property lease (sale) framework agreement dated 24 May 2019 (as amended by the property lease (sale) supplemental framework agreement dated 23 November 2020). For details, please refer to the announcement of the Company dated 23 February 2021.

Save as disclosed in this announcement, there are no material events undertaken by the Company after the Reporting Period.

## **FOREIGN EXCHANGE RISK MANAGEMENT**

The operations of the Company are mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses of the Company are denominated in or settled in RMB, while liabilities denominated in foreign currencies are mainly used to pay overseas agency fees. As such, the Company considers there is no material foreign exchange exposure. As at 31 December 2020, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2020, the Company had a total of 329 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 RMB56.384 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**

At present, the world's economy is still under severe situation. The economy of the PRC is the first to get rid of the impact of the COVID-19 pandemic. However, the impact of the foreign COVID-19 pandemic on shipping logistics and trade is still uncertain. International grain trade has attracted much attention, and the international food prices have continued to rise. The PRC is the world's largest food importer. Soybean imports have exceeded 100 million tonnes, and maize and other grain imports have set historical records.

During the “14th Five-Year Plan” period, the PRC proposed to accelerate the construction of a new development pattern in which domestic and international cycles are the mainstay and the domestic and international dual cycles promote are complementary to each other. Grain, as an important material for people’s livelihood in the country, is an important part of the overall work of serving the country’s “stability on the six fronts” and “security in the six areas”. Therefore, ensuring food security is of vital strategic significance. Under the new development pattern of dual cycle, the scale of national breeding continues to expand, the demand for maize, sorghum and other feed materials as well as soybean protein will be strong, the domestic supply gap will be gradually enlarged, and grain imports will become the mainstream.

From the analysis of international trade, due to the limitation of domestic arable land and planting costs of the PRC, soybeans will still be dependent on imports in the future, and a moderate import policy for soybeans is an important part for ensuring national food security. From the perspective of the domestic market, with the rapid growth of domestic meat consumption, our country’s import demand for soybeans, maize, sorghum and other feed grains and vegetable oils will continue to grow in the future. We expect that imports of agricultural products will bring opportunities to the business development of the Company.

With the economic and social development of the PRC and the improvement of the level of production and consumption of residents in the PRC, the consumption of feed and industrial conversion grain continues to increase, the total grain consumption increases rigidly, and the grain consumption structure continues to upgrade. In the future, imports of maize, wheat, sorghum and other grains will be diversified. To this end, the Company will focus on the following tasks:

## **1. Increasing market development**

The production capacity improvement plan of hinterland enterprises, the empowerment of the policy of integration of port, industry and city, and the development strategy of river-sea linkage have opened up new growth space for the Company’s continuous increase of grain varieties. The Company seized the opportunities brought by the industry’s new production capacity, actively expanded new business, increased the market development of maize, sorghum, wheat, peas and other agricultural products.

## **2. Deeply cultivating the grain business and expanding the hinterland market**

The Company deepened the cooperation with strategic customers, expanded the scale of grain transfer, expanded the soybean market in the hinterland of Sichuan, Gansu and Shaanxi; took advantage of the railway, customized the railway logistics plan, and developed the central and western maize markets, such as Sichuan, Guizhou and Chongqing to maintain the continuous increase in the throughput of maize and build a distribution base for imported maize in the northern China.

## **3. Expanding the development of new space**

Leveraging on the leading edge of grain business, the Company will expand the room for development of grain business. Through enhancing the efficiency of resources, the Company aims to realize specialized operation and integrated development, and expand the scale of grain business in Rizhao Port.

## **4. Persisting in smart green and efficient and clean production**

The Group has innovated the production organization model, made plans for berthing and storage, improved the comprehensive utilization rate of berths, analyzed the pattern of silo and yard storage, implemented yard quota management, developed storage capacity outside the port, increased cargo turnover, improved equipment support capabilities, gave full play to the environmental protection and high efficiency advantages of process equipment to realize smart green production.

## **USE OF NET PROCEEDS FROM 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 total net proceeds of RMB546.414 million after deducting professional fees, underwriting commissions and other related listing expenses (the “**IPO Proceeds**”).

As stated in the prospectus of the Company dated 31 May 2019 (the “**Prospectus**”), the Company had plans to use the IPO Proceeds. As at 31 December 2020, the Company had used approximately RMB382.49 million for the acquisition of the West-6 berth; approximately RMB7.615 million for the procurement of equipment and machinery for the West-6 berth; and approximately RMB54.641 million for working capital and general corporate purposes.

	Utilized amount as at 31 December 2019 RMB'000,000	Unutilized amount as at 31 December 2019 RMB'000,000	Utilized amount during the Reporting Period RMB'000,000	Unutilized amount as at 31 December 2020 RMB'000,000	Expected timeline for utilizing the remaining IPO Proceeds <sup>(Note)</sup>
Acquisition of the West-6 berth	364.258	18.232	18.232	0	
Procurement of equipment and machinery	7.615	101.667	0	101.667	Expected to be fully utilized on or before 31 December 2022
Working capital and general corporate use	54.641	0	0	0	
<b>Total</b>	<b>426.514</b>	<b>119.899</b>	<b>18.232</b>	<b>101.667</b>	

*Note:* Due to the impact of COVID-19 pandemic and market factors, the reconstruction project for West-6 berth has been suspended. On 23 February 2021, the Company entered into the property lease (sale) framework supplemental agreement with Rizhao Port Group (for itself and on behalf of its subsidiaries), pursuant to which, the Company temporarily leased West-6 berth to Rizhao Port Group (for itself and on behalf of its subsidiaries) for a term from the date of the conclusion of the extraordinary general meeting to 31 December 2021 such that economic benefits can be accrued to the Company during the period. The reconstruction of the West-6 berth is expected to move forward by 2022 with further improvement of the pandemic control and gradual stabilisation of market development.

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

## CORPORATE GOVERNANCE PRACTICES

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

Save for the deviations disclosed below, the Company has complied with the relevant requirements of the applicable code provisions of the CG Code for the year ended 31 December 2020.

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.

### **Retirement of Non-executive Director and Audit Committee Member and Non-compliance with the Listing Rules and the Terms of Reference of Audit Committee**

Mr. Shi Ruxin (“**Mr. Shi**”) has tendered his resignation as a non-executive Director due to other business engagements and has ceased to serve as a member of the Audit Committee, with effect from 26 January 2021.

Following the resignation of Mr. Shi as a non-executive Director, the Audit Committee, will be comprised of two independent non-executive Directors. Accordingly, the number of members of the Audit Committee fell below the minimum number required under Rule 3.21 of the Listing Rules and Article 4 of the Terms of Reference and Rules of Procedures of the Audit Committee.

Mr. Chen Lei (“**Mr. Chen**”) will be nominated for election as a non-executive Director in the EGM. Upon the approval of the Shareholders on his appointment as a non-executive director at the EGM, the Board proposed to appoint Mr. Chen as a member of the Audit Committee and as such the composition of the Audit Committee will comply with the requirements under Rule 3.21 of the Listing Rules and Article 4 of the Terms of Reference and Rules of Procedures of the Audit Committee 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 LISTED SECURITIES OF THE COMPANY**

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

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: final dividend of RMB0.024 per share).

## **REVIEW OF RESULTS**

The financial results for the year ended 31 December 2020 have been reviewed with no disagreement by the Audit Committee. The financial figures in this announcement of the Company's results for the year ended 31 December 2020 have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Company's audited financial statements for the year.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The AGM of the Company will be held on Thursday, 20 May 2021 and the notice convening such meeting will be published and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

In order to determine the holders of H shares who will be entitled to attend the AGM, the register of members of the Company will be closed from Tuesday, 20 April 2021 to Thursday, 20 May 2021 (both days inclusive), during which period no transfer of H shares will be registered. In order for the holders of H shares to qualify for attending the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Monday, 19 April 2021.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rzportjurong.com](http://www.rzportjurong.com)). In accordance with the requirements under the Listing Rules applicable in the Reporting Period, the 2020 annual report containing all information about the Company set out in this preliminary results announcement for the year ended 31 December 2020 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company, respectively.

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

Rizhao, the PRC  
18 March 2021

*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 and Mr. Jiang Zidan as non-executive directors; Mr. Zhang Zixue, Mr. Wu Xibin and Mr. Lee Man Tai as independent non-executive Directors.*