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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Rizhao Port Jurong Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 June 2021 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2020, which are set out below.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	For the six months ended	
		30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	343,640	293,518
Cost of sales		<u>(209,941)</u>	<u>(152,865)</u>
Gross profit		133,699	140,653
Other income	4	4,135	926
Impairment losses, net of reversal		376	(467)
Selling and distribution expenses		(2,847)	(1,612)
Administrative expenses		(6,669)	(6,297)
Finance costs	5	<u>(10,134)</u>	<u>(12,782)</u>
Profit before income tax	6	118,560	120,421
Income tax expense	7	<u>(29,795)</u>	<u>(29,039)</u>
Profit and total comprehensive income attributable to the owners of the Company for the period		<u>88,765</u>	<u>91,382</u>
Earnings per share for profit attributable to the owners of the Company during the period (RMB cents)	9	<u>5.35</u>	<u>5.50</u>

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	1,800,098	1,849,524
Deposits for purchase of property, plant and equipment		–	1,198
Investment properties	11	299,109	302,996
Intangible assets		3,024	2,910
Other non-current assets		2,264	1,242
		2,104,495	2,157,870
Current assets			
Inventories		3,767	3,912
Trade and other receivables	12	24,391	48,012
Bills receivable at fair value through other comprehensive income (“FVTOCI”)	13	6,428	11,000
Contract assets		–	1,490
Cash and cash equivalents		482,239	280,280
		516,825	344,694
Current liabilities			
Trade and other payables	14	27,811	34,144
Contract liabilities	15	32,959	150
Lease liabilities	16	2,776	2,677
Advance payments from lease contract	17	2,375	2,375
Income tax payable		12,654	7,452
		78,575	46,798
Net current assets		438,250	297,896
Total assets less current liabilities		2,542,745	2,455,766

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Non-current liabilities			
Lease liabilities	16	204,869	205,198
Advance payments from lease contract	17	18,406	19,594
Deferred tax liabilities		5,393	5,662
		<u>228,668</u>	<u>230,454</u>
Net assets		<u><u>2,314,077</u></u>	<u><u>2,225,312</u></u>
CAPITAL AND RESERVES			
Share capital	18	1,660,000	1,660,000
Reserves		654,077	565,312
Total equity		<u><u>2,314,077</u></u>	<u><u>2,225,312</u></u>

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2021 (Audited)	1,660,000	105,245	159,077	46,608	254,382	2,225,312
Total comprehensive income for the period						
Profit for the period	-	-	-	-	88,765	88,765
Balance at 30 June 2021 (Unaudited)	<u>1,660,000</u>	<u>105,245</u>	<u>159,077</u>	<u>46,608</u>	<u>343,147</u>	<u>2,314,077</u>
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)	<u>1,660,000</u>	<u>105,245</u>	<u>159,077</u>	<u>30,763</u>	<u>210,289</u>	<u>2,165,374</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. CORPORATE INFORMATION

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

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

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.

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020.

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 2020, except for the amended International Financial Reporting Standards ("IFRSs"), amendments and interpretations (collectively "**amended IFRSs**") issued by IASB and become effective during the current accounting period. The adoption of the amended IFRSs has no material impact on the accounting policies in the Company's condensed interim financial statements for the period.

3. REVENUE

	For the six months ended	
	30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers –		
Provision of services	305,344	251,597
Rental income from investment properties and certain terminal facilities	38,296	41,921
Total revenue	<u>343,640</u>	<u>293,518</u>

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Types of services		
Stevedoring service	266,541	221,196
Storage service	16,387	5,048
Port management services	8,485	6,222
Logistics agency services	13,931	19,131
	<hr/>	<hr/>
Total	305,344	251,597
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
Over time	291,413	232,466
At a point in time	13,931	19,131
	<hr/>	<hr/>
Total	305,344	251,597
	<hr/> <hr/>	<hr/> <hr/>

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses on revenue from rendering stevedoring 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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	37,699	37,244
Customer B	(Note)	36,445

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 2021.

4. OTHER INCOME

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	2,534	348
Government grants (<i>note</i>)	1,210	–
Others	391	578
Total	4,135	926

Note: Government subsidies mainly relate 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.

5. FINANCE COSTS

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses		
– Interest on bank borrowings	–	2,274
– Interest on lease liabilities	10,134	10,508
	10,134	12,782

6. PROFIT BEFORE INCOME TAX

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

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental income from investment properties and certain terminal facilities	38,296	41,921
Less: direct operating expenses incurred from investment properties	(4,813)	(3,887)
	<hr/>	<hr/>
Net rental income from investment properties and certain terminal facilities	33,483	38,034
	<hr/> <hr/>	<hr/> <hr/>
Depreciation:		
– Property, plant and equipment	47,560	44,004
– Right-of-use assets	4,581	9,814
– Investment properties	3,887	3,887
Amortisation of intangible assets	212	136
	<hr/>	<hr/>
Total depreciation and amortisation charged to profit or loss	56,240	57,841
	<hr/> <hr/>	<hr/> <hr/>
Lease charges:		
– Short-term leases or leases with lease term less than 12 months	303	284
– Leases of low-value items	–	137
Staff costs:		
– Directors' and supervisors' emoluments	611	423
– Other staff costs (exclude directors' and supervisors' emoluments):		
– Salaries, allowances and other benefits	21,010	17,229
– Retirement benefit scheme contributions	9,088	5,635
	<hr/>	<hr/>
Total staff costs	30,709	23,287
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax – PRC enterprise income tax	29,954	29,651
Deferred tax	(159)	(612)
	<u>29,795</u>	<u>29,039</u>

8. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: declared 2019 final dividends of approximately RMB40,000,000).

9. EARNINGS PER SHARE

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company (<i>RMB'000</i>)	<u>88,765</u>	<u>91,382</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,660,000,000</u>	<u>1,660,000,000</u>
Basic earnings per share (<i>RMB cents</i>)	<u>5.35</u>	<u>5.50</u>

There were no dilutive potential ordinary shares in issue for the periods ended 30 June 2021 and 2020. Therefore, the diluted earnings per share are equals to the basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2021, the Company had additions of property, plant and equipment at a total cost of RMB2,864,000 (for the six months ended 30 June 2020: RMB19,755,000), mainly included additions in construction in progress of approximately RMB1,860,000 and loading equipment of approximately RMB395,000 (for the six months ended 30 June 2020: additions in construction in progress of approximately RMB18,814,000 and loading equipment of approximately RMB575,000).

For the six months ended 30 June 2021, the Company write-off certain loading equipment with the carrying amount of RMB149,000 (for the six months ended 30 June 2020: RMBNil), recording the loss of RMB149,000.

During the six months ended 30 June 2021, certain terminal facilities of the Company with carrying amount of RMB442,397,000 are leased out under short-term lease with Rizhao Port Group Co., Ltd. (日照港集團有限公司) (“**Rizhao Port Group**”). Such lease will be expired on 31 December 2021.

As at 30 June 2021, the carrying amount of right-of-use assets of the Company amounted to RMB219,339,000 (31 December 2020: RMB223,920,000).

For the six months ended 30 June 2021, depreciation of right-of-use assets and other property, plant and equipment during the period was RMB52,141,000 (for the six months ended 30 June 2020: RMB53,818,000).

11. INVESTMENT PROPERTIES

	Terminal facilities RMB'000 (Unaudited)
As at 1 January 2020	
Cost	399,318
Accumulated depreciation	<u>(88,547)</u>
Net book amount	<u><u>310,771</u></u>
Year ended 31 December 2020	
Opening net book amount	310,771
Depreciation	<u>(7,775)</u>
Closing net book amount	<u><u>302,996</u></u>
As at 31 December 2020 and 1 January 2021	
Cost	399,318
Accumulated depreciation	<u>(96,322)</u>
Net book amount	<u><u>302,996</u></u>
For the six months ended 30 June 2021	
Opening net book amount	302,996
Depreciation	<u>(3,887)</u>
Closing net book amount	<u><u>299,109</u></u>
As at 30 June 2021	
Cost	399,318
Accumulated depreciation	<u>(100,209)</u>
Net book amount	<u><u>299,109</u></u>

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables	13,509	23,975
Less: expected credit loss (“ECL”) allowance of trade receivables	<u>(285)</u>	<u>(588)</u>
	<u>13,224</u>	<u>23,387</u>
Other receivables	100	–
Less: ECL allowance of other receivables	<u>(3)</u>	<u>–</u>
	<u>97</u>	<u>–</u>
Prepayments	1,118	686
Value-added tax receivables	<u>9,952</u>	<u>23,939</u>
	<u>11,070</u>	<u>24,625</u>
Total trade and other receivables	<u>24,391</u>	<u>48,012</u>

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
0 – 30 days	11,457	17,911
31 – 60 days	1	1,766
61 – 90 days	1,766	3,689
Over 90 days	<u>–</u>	<u>21</u>
	<u>13,224</u>	<u>23,387</u>

13. BILLS RECEIVABLE AT FVTOCI

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 3 months	720	9,700
Over 3 months but within 6 months	5,708	1,300
	<u>6,428</u>	<u>11,000</u>

14. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables		
– Due to related parties	–	1,740
– Due to third parties	2,356	5,565
	<u>2,356</u>	<u>7,305</u>
Other payables		
– Amounts due to related parties	11,753	13,761
– Other tax payables	216	–
– Payroll payable	3,595	3,293
– Retention payable due within one year	5,319	7,280
– Other payables	4,572	2,505
	<u>25,455</u>	<u>26,839</u>
Total trade and other payables	<u>27,811</u>	<u>34,144</u>

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
0 – 30 days	1,473	5,803
31 – 60 days	57	494
61 – 90 days	737	376
Over 90 days	89	632
	<u>2,356</u>	<u>7,305</u>

15. CONTRACT LIABILITIES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Amounts received in advance		
– Provision of services	<u>32,959</u>	<u>150</u>

16. LEASE LIABILITIES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Total minimum lease payments:		
Due within 1 year	22,929	22,929
Due within 2 to 5 years	83,697	83,877
Due more than 5 years (include renewal option that are reasonably certain to be exercised)	<u>591,348</u>	<u>614,605</u>
	697,974	721,411
Less: future lease liabilities finance charges	<u>(490,329)</u>	<u>(513,536)</u>
Present value of lease liabilities	<u><u>207,645</u></u>	<u><u>207,875</u></u>
Present value of minimum lease payments:		
Due within 1 year	2,776	2,677
Due within 2 to 5 years	4,405	4,403
Due more than 5 years	<u>200,464</u>	<u>200,795</u>
	207,645	207,875
Less: payment due within 1 year (presented under current liabilities)	<u>(2,776)</u>	<u>(2,677)</u>
Payment due after 1 year	<u><u>204,869</u></u>	<u><u>205,198</u></u>

17. ADVANCE PAYMENTS FROM LEASE CONTRACT

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Lease payments received in advance	20,781	21,969
Less: Classified as current liabilities – Advance payments from lease contract	<u>(2,375)</u>	<u>(2,375)</u>
Non-current portion of lease payments	<u>18,406</u>	<u>19,594</u>

18. SHARE CAPITAL

	Domestic shares	H shares	Number of shares	<i>RMB'000</i> (Unaudited)
Issued and fully paid-up ordinary shares with par value of RMB1 each				
As at 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u>840,000,000</u>	<u>820,000,000</u>	<u>1,660,000,000</u>	<u>1,660,000</u>

19. CAPITAL COMMITMENTS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	<u>77,858</u>	<u>74,457</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INTERNATIONAL AND DOMESTIC SITUATION

Overall Situation

In the first half of 2021, facing the complex and ever-changing domestic and international environment, China continued to take decisive steps on pandemic prevention and control while promoting economic and social development. China's gross domestic product (GDP) in the first half of 2021 was RMB53,216.7 billion, representing a year-on-year increase of 12.7% and an average two-year growth of 5.3%. Domestic economy remained stable with positive momentum, which provided strong support for the sustained and steady growth of foreign trade. In the first half of 2021, the total import and export value amounted to RMB18.07 trillion, representing an increase of 27.1% as compared with the same period of last year. In the first half of 2021, the value of export increased by 28.1% to RMB9.85 trillion while the value of import grew by 25.9% to RMB8.22 trillion. (Source: National Bureau of Statistics of China, China Customs).

Since the beginning of this year, the global food supply has experienced disruptions due to COVID-19 pandemic and bad weather, leading to a rapid rise in international commodity prices. According to a report published by Food and Agriculture Organization of the United Nations, the global grain prices rose for 12 consecutive months, representing an increase of 33.9% as compared with the same period of last year, and the cost of international transportation for grains has doubled as compared with the same period of last year. According to the data released by China Customs, China imported 84.363 million tonnes of grain from January to June 2021, representing a year-on-year increase of 43.1%, setting a record high, as compared with the import volume of 58.938 million tonnes in the same period of last year.

Overall Throughput at Chinese Ports

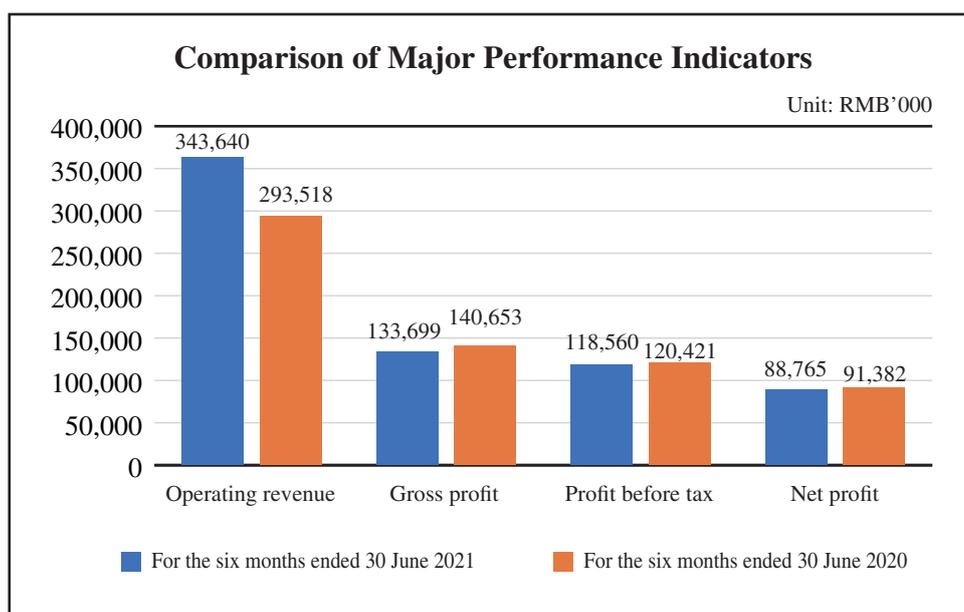
From January to June 2021, the cargo throughput of China's ports amounted to 7,643.34 million tonnes, representing a year-on-year increase of 13.2%, of which, the cargo throughput for foreign trade amounted to 235.72 million tonnes, representing a year-on-year increase of 9.2%. (Source: Ministry of Transport of China, People's Government of Shandong Province)

BUSINESS AND FINANCIAL REVIEW

Overall Review

In the first half of 2021, the demand for maize, soybeans and other grain cargoes continued its strong growth trend, driven by China's agriculture industry. As an important grain handling port in the country, the Company closely monitored the national policies, grew its customer base, expanded storage capacity, improved the turnaround of grain cargoes and achieve a steady growth in cargo throughput.

During the Reporting Period, the Company achieved cargo throughput of 15.10 million tonnes, representing an increase of 9.7% as compared with the same period in 2020. In terms of cargo types, the throughput of woodchips increased significantly as compared with the same period of 2020, the throughput of dried tapioca decreased significantly as compared with the same period of last year, the throughput of soybeans decreased as compared with the same period of last year, while the throughput of maize, among other cargoes, increased significantly as compared with the same period of last year. The increase of throughput of woodchips and maize have made up for the impact of the decline in soybeans and dried tapioca throughput on the Company. The Company's major performance indicators remained stable as follows:



During the Reporting Period, the Company achieved an operating revenue of RMB343.640 million, increased by RMB50.122 million or 17.1% as compared with the same period of 2020.

During the Reporting Period, the Company achieved a gross profit of RMB133.699 million, decreased by RMB6.954 million or 4.9% as compared with the same period of 2020.

During the Reporting Period, the Company achieved a profit before income tax of RMB118.560 million, decreased by RMB1.861 million or 1.5% as compared with the same period of 2020.

During the Reporting Period, the Company achieved a net profit of RMB88.765 million, decreased by RMB2.617 million or 2.9% as compared with the same period of 2020.

Financial Review

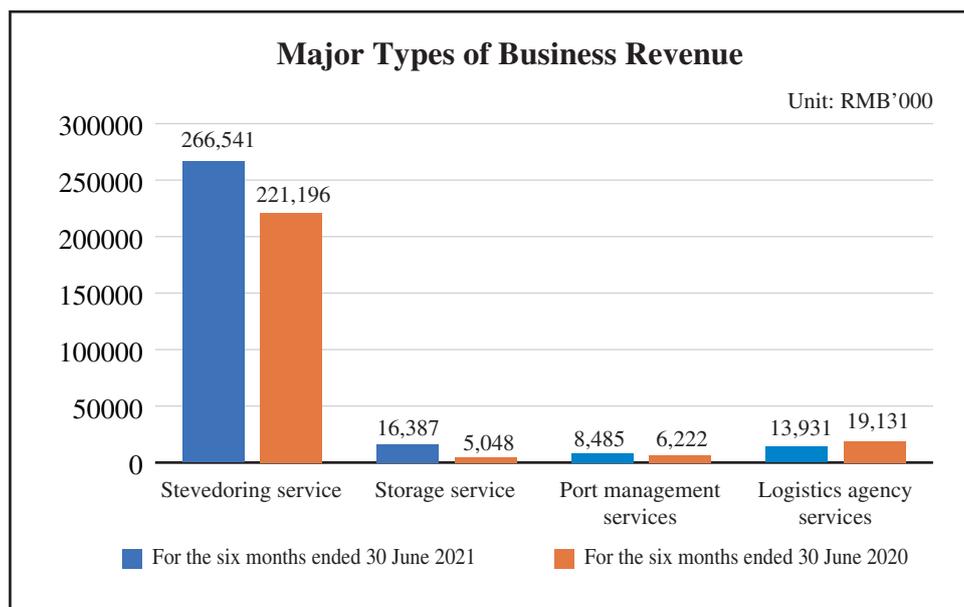
Revenue

During the Reporting Period, the Company's total revenue increased by RMB50.122 million or 17.1% as compared with the same period of last year, mainly attributable to an increase of RMB53.747 million in revenue from contracts with customers, which made up for a decrease of RMB3.625 million in revenue from property lease.

(1) Total Revenue

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts		
with customers – Provision of services	305,344	251,597
Rental income from investment properties		
And certain terminal facilities	38,296	41,921
Total Revenue	343,640	293,518

(2) Revenue from contracts with customers by service type



During the Reporting Period, for stevedoring service, the increase in business volume of imports of woodchips and maize made up for the decrease in soybeans and dried tapioca, along with a higher average price charged per tonnes, resulted in a 20.5% year-on-year increase in revenue.

During the Reporting Period, the increase in revenue from storage services was mainly attributable to the increase in the import volume of grain cargoes and improvement of the billing standard of overdue stockpiling in order to expedite the turnover of discharge of cargoes and shorten the unloading period for goods.

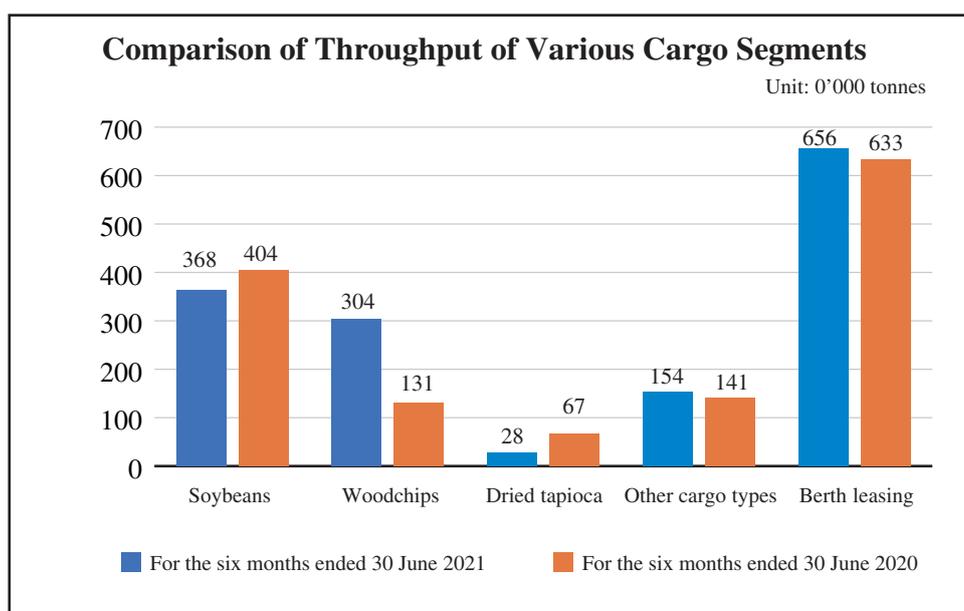
During the Reporting Period, the port management services increased as compared with the same period of last year, mainly attributable to the increase in the number of vessels served.

During the Reporting Period, revenue from logistics agency services decreased as compared with the same period of last year, mainly attributable to the reduction in logistics business volume for certain customers.

Throughput segment

Unit: 0'000 tonnes, except percentage

Cargo type	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Change
	Throughput	Proportion	Throughput	Proportion	
Soybeans	368	24.4%	404	29.4%	-8.9%
Woodchips	304	20.1%	131	9.5%	132.1%
Dried tapioca	28	1.9%	67	4.9%	-58.2%
Other cargo types	154	10.2%	141	10.2%	9.2%
Berth leasing (Asia Symbol)	656	43.4%	633	46.0%	3.6%
Total	1,510	100.0%	1,376	100.0%	9.7%



Soybeans

In the first half of 2021, the PRC imported 48.955 million tonnes of soybeans, representing an increase of 8.7% as compared with 45.042 million tonnes for the same period of last year. (Source: General Administration of Customs of the PRC). The Company's soybean throughput amounted to 3.68 million tonnes, accounting for 7.5% of the PRC's soybean imports in the first half of 2021. This is a decrease of 0.36 million tonnes compared with the same period of last year, mainly due to the limited grains storage capacity. The Company adjusted the customer mix of soybean customers, deselecting customers with slower turnaround to optimise its grains storage capacity for other grains customers who are able to take quicker deliveries.

Woodchips

The woodchip business of the Company substantially increased as compared with the same period of last year. As woodchip customers increased their purchases of woodchips in response to improved market demand, the Company's woodchip berths under its own operation were insufficient to meet the demand, necessitating berth leasing from its long term customer i.e. Asia Symbol Shandong Co., Ltd. (亞太森博(山東) 漿紙有限公司) (“Asia Symbol”), secured through supplementary berth leasing arrangements.

Dried tapioca

In the first half of 2021, the PRC imported 3.1026 million tonnes of dried tapioca (Source: General Administration of Customs of the PRC), representing an increase of 1.2815 million tonnes as compared with the same period of 2020, indicating an increasing trend in imports. However, due to the Company's berths being occupied to handle other cargoes, environmental considerations related to the handling of dried tapioca and typically slower cargo discharging leading to longer port stays associated with dried tapioca handling, the Company adjusted its cargo mix to prioritise handling of grains imports, resulting in a significant decrease in the volume handled for dried tapioca as compared with the same period of last year.

Other cargo types

In 2021, the Company strengthened the development of imported maize business, with a cumulative discharge of 1.3 million tonnes in aggregate, representing an increase of 0.83 million tonnes or 176% as compared with the same period of last year, driving the growth for the total throughput of the other cargo types as well as growth in the Company's revenue.

Berth leasing

The Company has 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. 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 RMB209.941 million, representing an increase of RMB57.076 million or 37.3% as compared with RMB152.865 million for the same period of 2020, mainly attributable to (1) that the PRC no longer offers exemption of some of the social insurance expenses, resulting in increase in staff remuneration; (2) the increase in business outsourcing costs; and (3) the increase in short term lease expenses.

Gross Profit

During the Reporting Period, the Company achieved the gross profit of RMB133.699 million, representing a decrease of RMB6.954 million or 4.9% as compared with RMB140.653 million for the same period of 2020, mainly attribute to the year-on-year increase in the cost of main business.

Administrative Expenses

During the Reporting Period, the total administrative expenses of the Company amounted to RMB6.669 million, representing an increase of RMB0.372 million or 5.9% as compared with RMB6.297 million for the same period of 2020, mainly attributable to the decrease in the amount of social insurance expenses of the PRC leading to the increase in staff costs.

Other Income

During the Reporting Period, other income of the Company amounted to RMB4.135 million, representing an increase of RMB3.209 million or 346.5% as compared with RMB0.926 million for the same period of 2020, mainly attributable to the government grants of RMB1.21 million.

Finance Cost

During the Reporting Period, finance cost of the Company amounted to RMB10.134 million, representing a decrease of RMB2.648 million, or 20.7% as compared with RMB12.782 million for the same period of 2020, mainly attributable to the year-on-year decrease of RMB2.274 million in the interest of bank borrowings.

Income Tax Expense

During the Reporting Period, the income tax expense of the Company amounted to RMB29.795 million, representing an increase of RMB0.756 million or 2.6% as compared with RMB29.039 million for the same period of 2020, mainly attributable to the increase in the cost of sales 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 RMB88.765 million, representing a decrease of RMB2.617 million or 2.9% as compared with RMB91.382 million for the same period of 2020.

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 2021, the Company had cash and cash equivalents of RMB482.239 million (31 December 2020: RMB280.28 million).

As at 30 June 2021, the Company's total bank borrowings amounted to Nil (31 December 2020: Nil).

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 6.58 as at 30 June 2021 (31 December 2020: 7.37).

As at 30 June 2021, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 8.97% (31 December 2020: 9.34%).

During the Reporting Period, the Company's net cash from operating activities amounted to RMB225.542 million (the corresponding period of 2020: RMB125.327 million). The Company's net cash from investing activities during the Reporting Period amounted to RMB0.542 million (the corresponding period of 2020: net cash used amounted to RMB19.337 million). The Company's net cash used in financing activities during the Reporting Period amounted to RMB24.125 million (the corresponding period of 2020: RMB21.662 million).

PLEDGE OF ASSETS

As at 30 June 2021, the Company did not have any pledge of assets (31 December 2020: nil).

CONTINGENT LIABILITIES

As at 30 June 2021, the Company did not have any contingent liabilities (31 December 2020: 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 RMB3.2 million (the corresponding period of 2020: RMB23.2 million).

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EVENTS AFTER THE REPORTING PERIOD

There are no material events affecting the Company after the Reporting Period.

FOREIGN EXCHANGE RISK MANAGEMENT

The operations of the Company are mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses of the Company are denominated in or settled in RMB, while liabilities denominated in foreign currencies are mainly used to pay overseas agency fees. As such, the Company considers there is no material foreign exchange exposure.

As at 30 June 2021, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Company had a total of 319 full-time employees, all of whom are based in the PRC (31 December 2020: 329 employees). During the Reporting Period, the employees costs of the Company amounted to RMB30.709 million (the corresponding period of 2020: RMB23.287 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

International food trading has attracted great attention, and the international food prices have continued to rise. The PRC is the world's largest food importer. Soybean imports have maintained steady growth, the import of maize and other grains grew rapidly, and its proportion in imports continued to rise. During the 14th Five-Year Plan period, the PRC proposed to accelerate the construction of a new development roadmap where domestic and international cycles act as anchor focus and these two cycles are harmonised to complement each other, as well as proposal to "promote comprehensive consumption". With the economic and social demographic development in China, especially with the increase in middle-class income group resulting in the increased production to meet increased consumption demand, the domestic consumption of meat has grown rapidly, and the consumption of animal feed and the increased industrial use of grains have continued to rise, driving the total grain consumption along with higher imports of maize, sorghum and other miscellaneous grains.

From the perspective of the demand of hinterland, the Company has a strong foundation of grain and edible oil industry near the port, a wide range of grain importers based in inland cities, who are accessed and served by efficient logistics and enabling infrastructure such as highway and railway. We expect that with continued growth of demand in imported grains, there will be opportunities for the Company's business to grow. The Company will continue to focus on serving the grain and edible oil industry, by leveraging growth opportunities in the industry in areas of improvement from capacity and distribution with the vision of building the "Largest grains transportation and distribution center in China."

Therefore, the Company will focus on the following work:

Strengthening the development of the market

The Company will seize the opportunity brought by the new production capacity in the industry, and expand the scale of grain business. Besides, the Company will consolidate the strategic cooperation with customers, continuously optimising the mix of the cargo types being handled, consider relevant infrastructure development projects, improve the discharge services of grains, augment hinterland reach through railway logistics to the central and western regions, to increase the market share.

Implementing the integrated development of grain in Rizhao Port

Production capacity improvement planning for enterprises in the hinterland and empowerment of the integration of port, production and city may help the Company continue to increase grain handling. The Company will make use of its leading advantages in the grain business, actively implement the integrated development of grain business, improve the management effectiveness, expand the development scope, achieve professional operation and intensive development to expand and strengthen the scale of grain business in Rizhao Port.

Adhering to intelligent green production to realise efficient and clean production

The Company will coordinate the utilisation of berth resources, innovate the mode of production organisation, improve the comprehensive utilisation rate of berths, carry out the optimisation scheme of storage capacity of both within and outside the port to increase the turnover rate of goods through enhanced equipment support. The Company will give full play to the advantages of processing equipment that is environmental friendly and efficient for a “greener” production footprint.

Strengthening the normalised prevention and control of the pandemic

The Company will set up a special team for pandemic prevention and control of boarding operations, strictly implement research and risk assessment system for ships, coordinating joint prevention and control mechanism with port units, to enable the business to “receive as much as possible” and “inspect as much as possible”. To build a comprehensive pandemic prevention and control network, and construct a solid accountability system of prevention and control, the Company will also strictly implement various measures in alignment with the local and national health authorities to protect the safety of workers and ensure the healthy development of the Company’s production and operation.

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 RMB546.414 million after deducting professional fees, underwriting commissions and other related listing expenses (the “**IPO Proceeds**”).

As set out in the prospectus of the Company dated 31 May 2019 (the “**Prospectus**”), the Company had planned to use the IPO Proceeds. As at 30 June 2021, the Company had used approximately RMB382.49 million for the acquisition of West-6 berth; approximately RMB7.615 million for the procurement of equipment and machinery for West-6 berth and approximately RMB54.641 million for working capital and general corporate purposes.

	Utilised amount as at 31 December 2020 <i>RMB'000,000</i>	Unutilised amount as at 31 December 2020 <i>RMB'000,000</i>	Utilised amount during the Reporting Period <i>RMB'000,000</i>	Unutilised amount as at 30 June 2021 <i>RMB'000,000</i>	Expected timeline for utilising the remaining IPO Proceeds ^(Note)
Acquisition of West-6 berth	382.49	0	0	0	–
Procurement of equipment and machinery	7.615	101.667	0	101.667	Expected to be fully utilised on or before 31 December 2022
Working capital and general corporate use	54.641	0	0	0	–
Total	<u>444.746</u>	<u>101.667</u>	<u>0</u>	<u>101.667</u>	

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 Co., Ltd. (日照港集團有限公司) (“**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 conclusion of the extraordinary general meeting of the Company held on 9 June 2021 to 31 December 2021 such that economic benefits can be accrued to the Company during the period. With further improvement of the pandemic control, if there is a gradual stabilisation of the demand, the Company may consider resuming the reconstruction of the West-6 berth during 2022. In the event that the reconstruction will not be resumed, the Company will consider the possibility of extending the leasing arrangement with Rizhao Port Group.

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend as at 30 June 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

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

Mr. Shi Ruxin resigned as a non-executive Director and ceased to serve as a member of the audit committee of the Company (the “**Audit Committee**”), with effect from 26 January 2021. As a result, the Audit Committee comprised of two independent non-executive Directors and 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.

Following the appointment of Mr. Jiang Zidan as a member of the Audit Committee with effect from 22 April 2021, the Audit Committee consisted of two independent non-executive Directors and one non-executive Director. Accordingly, the composition of the Audit Committee has been in compliance 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.

Following the appointment of Mr. Chen Lei as a non-executive Director at the annual general meeting of the Company held on 20 May 2021, Mr. Chen Lei was also appointed as a member of the Audit Committee and Mr. Jiang Zidan ceased to be a member of the Audit Committee with immediate effect.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the Reporting Period, the Company did not purchase, sell or redeem any of the Company's listed securities.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and has also reviewed internal audit, internal control and financial reporting matters, including the review of the unaudited condensed interim results of the Company for the six months ended 30 June 2021.

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

Rizhao, the PRC
27 August 2021

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