



# 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



# 2021

## INTERIM REPORT

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# Corporate Information

## COMPANY NAME (IN CHINESE)

日照港裕廊股份有限公司

## COMPANY NAME (IN ENGLISH)

RIZHAO PORT JURONG CO., LTD.

## LEGAL REPRESENTATIVE

Mr. Wang Yufu

## REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre  
248 Queen's Road East  
Wanchai  
Hong Kong

## LISTING DATE

19 June 2019

## PLACE OF LISTING

Main Board of The Stock Exchange

## STOCK SHORT NAME (IN ENGLISH)

RIZHAO PORT JR

## STOCK SHORT NAME (IN CHINESE)

日照港裕廊

## STOCK CODE

6117

## TELEPHONE

+86 0633 7381 569

## FACSIMILE

+86 0633 7381 530

## E-MAIL

rzgyl@rzportjurong.com

## COMPANY'S WEBSITE

www.rzportjurong.com

## EXECUTIVE DIRECTOR

Mr. He Zhaodi (*resigned on 20 May 2021*)  
Mr. Zhang Feng (*appointed on 20 May 2021*)

## NON-EXECUTIVE DIRECTORS

Mr. Wang Yufu (*Chairman*)  
Mr. Ooi Boon Hoe  
Mr. Pay Cher Wee  
Mr. Shi Ruxin (*resigned on 26 January 2021*)  
Mr. Jiang Zidan  
Mr. Chen Lei (*appointed in 20 May 2021*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### SUPERVISORS

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

### JOINT COMPANY SECRETARIES

Mr. Zheng Shiqiang  
Ms. Kwan Sau In (*ACG.ACIS*) (*appointed on 26 January 2021 and resigned on 16 July 2021*)  
Ms. Lau Jeanie (*appointed on 16 July 2021*)

### AUTHORISED REPRESENTATIVES

Mr. He Zhaodi (*resigned on 20 May 2021*)  
Mr. Zhang Feng (*appointed on 20 May 2021*)  
Ms. Kwan Sau In (*appointed on 26 January 2021 and resigned on 16 July 2021*)  
Ms. Lau Jeanie (*appointed on 16 July 2021*)

### AUDIT COMMITTEE

Mr. Lee Man Tai (*Chairman*)  
Mr. Zhang Zixue  
Mr. Shi Ruxin (*resigned on 26 January 2021*)  
Mr. Jiang Zidan (*appointed to be a member on 22 April 2021 and ceased to be a member on 20 May 2021*)  
Mr. Chen Lei (*appointed on 20 May 2021*)

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### AUDITOR

Grant Thornton Hong Kong Limited

### LEGAL ADVISERS

#### (1) As to Hong Kong laws:

Jun He Law Offices

#### (2) As to PRC laws:

JunHe LLP

### H SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL BANKER

Agricultural Bank of China  
Rizhao Branch

# Definitions

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

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



## Definitions (Continued)

“Prospectus”	the prospectus of the Company dated 31 May 2019
“Reporting Period”	the six months ended 30 June 2021
“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司)
“Rizhao Port Group”	Rizhao Port Group Co., Ltd. (日照港集團有限公司)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Shandong Port Group”	Shandong Port Group Co., Ltd. (山東省港口集團有限公司)
“Share(s)”	share(s) of RMB1.00 each in the share capital of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“%”	per cent

# 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

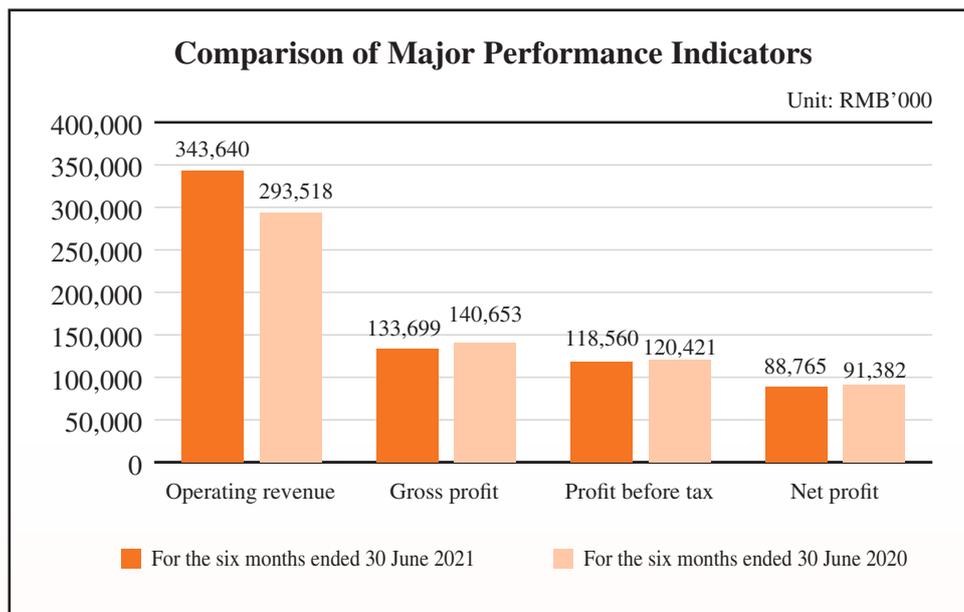
From January to June 2021, the cargo throughput of China's ports amounted to 7,643.34 million tonnes, representing a year-on-year increase of 13.2%, of which, the cargo throughput for foreign trade amounted to 235.72 million tonnes, representing a year-on-year increase of 9.2%. (Source: Ministry of Transport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



## Management Discussion and Analysis (Continued)

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

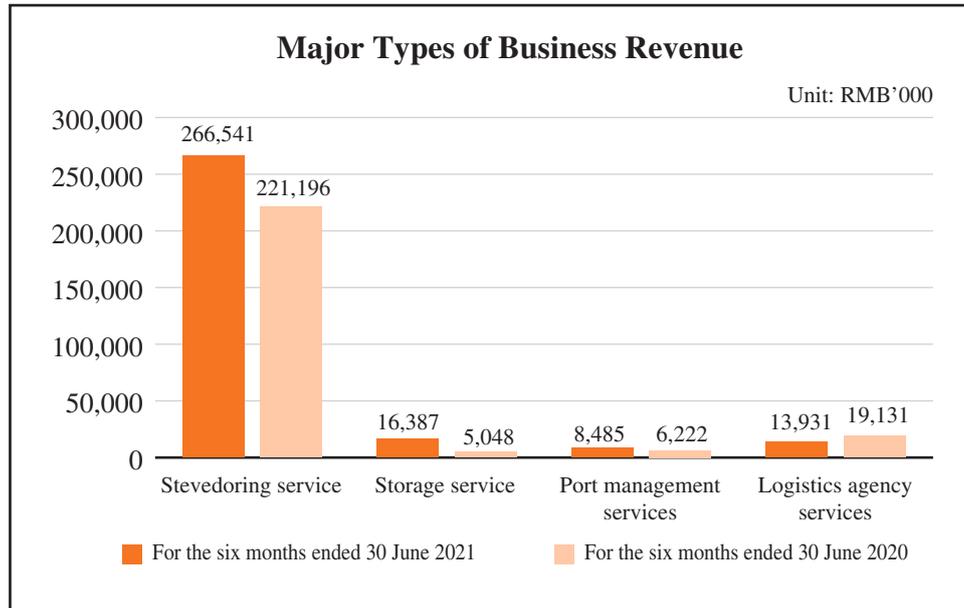
During the Reporting Period, the Company's total revenue increased by RMB50.122 million or 17.1% as compared with the same period of last year, mainly attributable to an increase of RMB53.747 million in revenue from contracts with customers, which made up for a decrease of RMB3.625 million in revenue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

#### (1) Total Revenue

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
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
<b>Total Revenue</b>	<b>343,640</b>	293,518

## Management Discussion and Analysis (Continued)

(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.

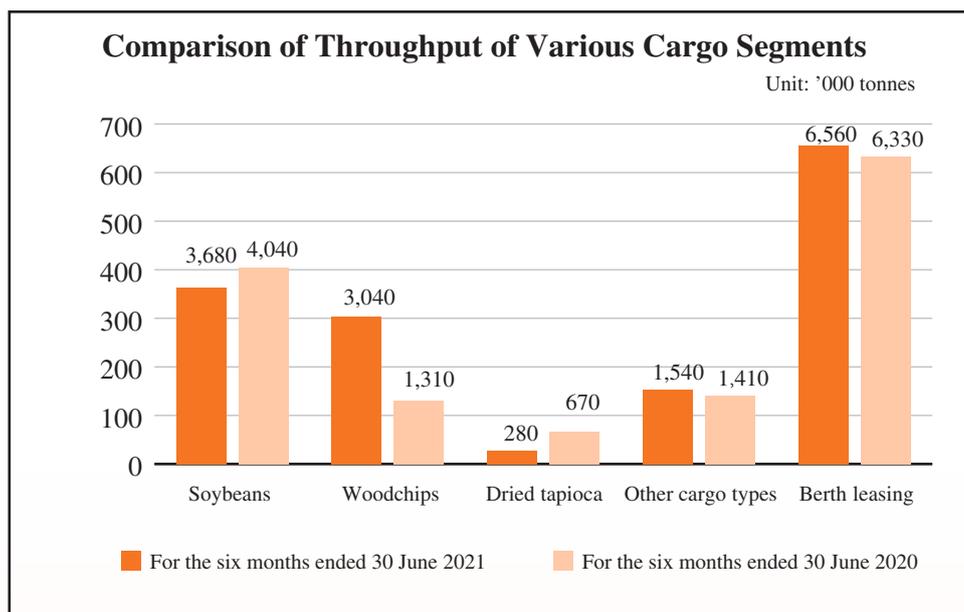
During the Reporting Period, revenue from logistics agency services decreased as compared with the same period of last year, mainly attributable to the reduction in logistics business volume for certain customers.

## Management Discussion and Analysis (Continued)

### Throughput segment

Unit: '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	3,680	24.4%	4,040	29.4%	-8.9%
Woodchips	3,040	20.1%	1,310	9.5%	132.1%
Dried tapioca	280	1.9%	670	4.9%	-58.2%
Other cargo types	1,540	10.2%	1,410	10.2%	9.2%
Berth leasing (Asia Symbol)	6,560	43.4%	6,330	46.0%	3.6%
<b>Total</b>	<b>15,100</b>	<b>100.0%</b>	<b>13,760</b>	<b>100.0%</b>	<b>9.7%</b>



## Management Discussion and Analysis (Continued)

### *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, 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.

## Management Discussion and Analysis (Continued)

### 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 attributable 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.

## Management Discussion and Analysis (Continued)

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.

## Management Discussion and Analysis (Continued)

### **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 interim report.

### **EVENTS AFTER THE REPORTING PERIOD**

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

### **FOREIGN EXCHANGE RISK MANAGEMENT**

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

As at 30 June 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.

## Management Discussion and Analysis (Continued)

### **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 also pay attention to environmental protection through the application of new and efficient equipment and systems 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.

### **CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the CG Code as 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 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 as set out in Appendix 10 to the Listing Rules as its own code of conduct for the Directors and the Supervisors to conduct securities transactions. Having made specific enquiry of all the Directors and Supervisors, each of the Directors and the Supervisors has confirmed that he/she has complied with the required standard as set out in the Model Code during the Reporting Period.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (2020: Nil).

### **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.

## Other Information (Continued)

### CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the biographical details of the Directors of the Company since publication of its annual report for the year ended 31 December 2020 are set out as follows:

Name of Director	Details of changes
Mr. Shi Ruxin	<ul style="list-style-type: none"><li>resigned as a non-executive Director and ceased to serve as a member of the Audit Committee with effect from 26 January 2021</li></ul>
Mr. Jiang Zidan	<ul style="list-style-type: none"><li>appointed as a member of the Audit Committee with effect from 22 April 2021</li><li>ceased to serve as a member of the Audit Committee with effect from 20 May 2021</li></ul>
Mr. He Zhaodi	<ul style="list-style-type: none"><li>resigned as the general manager of the Company with effect from 28 April 2021</li><li>resigned as an executive Director and the authorised representative of the Company under Rule 3.05 of the Listing Rules (the “<b>Authorised Representative</b>”), both with effect from 20 May 2021</li></ul>
Mr. Zhang Feng	<ul style="list-style-type: none"><li>appointed as the deputy general manager of the Company with effect from 28 April 2021</li><li>appointed as an executive Director and the Authorised Representative, both with effect from 20 May 2021</li><li>ceased to serve as the deputy general manager of the Company, and appointed as the general manager of the Company, both with effect from 13 August 2021</li></ul>
Mr. Chen Lei	<ul style="list-style-type: none"><li>appointed as a non-executive Director and member of the Audit Committee, both with effect from 20 May 2021</li></ul>

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

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

## 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, 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 RMB'000,000	Unutilised amount as at 31 December 2020 RMB'000,000	Utilised amount during the Reporting Period RMB'000,000	Unutilised amount as at 30 June 2021 RMB'000,000	Expected timeline for utilising the remaining IPO Proceeds <sup>(Note)</sup>
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	–
<b>Total</b>	<b>444.746</b>	<b>101.667</b>	<b>0</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 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.



## Other Information (Continued)

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

As at 30 June 2021, to the best knowledge of the Directors, none of the Directors, the Supervisors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

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

As at 30 June 2021, to the best knowledge of the Directors, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of shares interested	Class of shares	Long/short position	Percentage of shareholding to the relevant class of shares <sup>(3)</sup> (%)	Percentage to total issued share capital <sup>(4)</sup> (%)
Shandong Port Group <sup>(1)</sup>	Interest in controlled corporation	840,000,000	Domestic Shares	Long position	100	50.60
Rizhao Port Group <sup>(1)</sup>	Interest in controlled corporation	840,000,000	Domestic Shares	Long position	100	50.60
Rizhao Port	Beneficial owner	840,000,000	Domestic Shares	Long position	100	50.60
Jurong Port Pte Ltd ("Jurong Port") <sup>(2)</sup>	Interest in controlled corporation	360,000,000	H Shares	Long position	43.90	21.69
Jurong Port Rizhao Holding Pte Ltd ("Jurong Port Holding")	Beneficial owner	360,000,000	H Shares	Long position	43.90	21.69
Orient Fund Management Co., Ltd.	Trustee	58,520,000	H Shares	Long position	7.14	3.53

(1) Shandong Port Group directly held 100% of the equity interests of Rizhao Port Group, which was in turn the controlling shareholder of Rizhao Port and directly held 43.6% of the equity interests of Rizhao Port, and indirectly held 0.88% of the equity interests of Rizhao Port through its wholly-owned subsidiary, Rizhao Port Group Lanshan Port Company Limited (日照港集團嵐山港務有限公司), as at 30 June 2021. Therefore, each of Shandong Port Group and Rizhao Port Group is deemed to be interested in the 840,000,000 Domestic Shares held by Rizhao Port.

(2) Jurong Port directly held 100% of the equity interest of Jurong Port Holding as at 30 June 2021. Therefore, Jurong Port is deemed to be interested in the 360,000,000 H Shares held by Jurong Port Holding.

(3) The calculation is based on the percentage of shareholding in the Domestic Shares or H Shares (as the case may be) as at 30 June 2021.

(4) The calculation is based on the total number of 1,660,000,000 Shares in issue comprising 840,000,000 Domestic Shares and 820,000,000 H Shares as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any persons (who were not Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

# Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>343,640</b>	293,518
Cost of sales		<b>(209,941)</b>	(152,865)
<b>Gross profit</b>		<b>133,699</b>	140,653
Other income	6	<b>4,135</b>	926
Impairment losses, net of reversal	7	<b>376</b>	(467)
Selling and distribution expenses		<b>(2,847)</b>	(1,612)
Administrative expenses		<b>(6,669)</b>	(6,297)
Finance costs	8	<b>(10,134)</b>	(12,782)
Profit before income tax	9	<b>118,560</b>	120,421
Income tax expense	10	<b>(29,795)</b>	(29,039)
<b>Profit and total comprehensive income attributable to the owners of the Company for the period</b>		<b>88,765</b>	91,382
<b>Earnings per share for profit attributable to the owners of the Company during the period (RMB cents)</b>	12	<b>5.35</b>	5.50

# Condensed Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,800,098	1,849,524
Deposits for purchase of property, plant and equipment		–	1,198
Investment properties	14	299,109	302,996
Intangible assets	15	3,024	2,910
Other non-current assets	16	2,264	1,242
		<b>2,104,495</b>	2,157,870
<b>Current assets</b>			
Inventories		3,767	3,912
Trade and other receivables	17	24,391	48,012
Bills receivables at fair value through other comprehensive income ("FVTOCI")	18	6,428	11,000
Contract assets		–	1,490
Cash and cash equivalents		482,239	280,280
		<b>516,825</b>	344,694
<b>Current liabilities</b>			
Trade and other payables	19	27,811	34,144
Contract liabilities	20	32,959	150
Lease liabilities	21	2,776	2,677
Advance payments from lease contract	22	2,375	2,375
Income tax payable		12,654	7,452
		<b>78,575</b>	46,798
<b>Net current assets</b>		<b>438,250</b>	297,896
<b>Total assets less current liabilities</b>		<b>2,542,745</b>	2,455,766

## Condensed Statement of Financial Position (Continued)

As at 30 June 2021

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities	21	204,869	205,198
Advance payments from lease contract	22	18,406	19,594
Deferred tax liabilities		5,393	5,662
		<b>228,668</b>	230,454
<b>Net assets</b>		<b>2,314,077</b>	2,225,312
<b>CAPITAL AND RESERVES</b>			
Share capital	23	1,660,000	1,660,000
Reserves		654,077	565,312
<b>Total equity</b>		<b>2,314,077</b>	2,225,312

# Condensed Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
<b>Balance at 1 January 2021 (Audited)</b>	<b>1,660,000</b>	<b>105,245</b>	<b>159,077</b>	<b>46,608</b>	<b>254,382</b>	<b>2,225,312</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	88,765	88,765
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>1,660,000</b>	<b>105,245</b>	<b>159,077</b>	<b>46,608</b>	<b>343,147</b>	<b>2,314,077</b>
<b>Balance at 1 January 2020 (Audited)</b>	1,660,000	105,245	159,077	30,763	158,907	2,113,992
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	91,382	91,382
<b>Transaction with owners</b>						
Dividends	-	-	-	-	(40,000)	(40,000)
<b>Balance at 30 June 2020 (Unaudited)</b>	1,660,000	105,245	159,077	30,763	210,289	2,165,374

# Condensed Statement of Cash Flows

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Operating activities</b>		
Cash from operations	250,404	149,340
Paid PRC enterprise income tax	(24,862)	(24,013)
<i>Net cash generated from operating activities</i>	<b>225,542</b>	125,327
<b>Investing activities</b>		
Payments of and deposits placed for property, plant and equipment	(1,666)	(19,685)
Payments of intangible assets	(326)	–
Interest received	2,534	348
<i>Net cash generated from/(used in) investing activities</i>	<b>542</b>	(19,337)
<b>Financing activities</b>		
Decrease in amounts due to related parties	(13,761)	(3,420)
Interest paid	(10,134)	(12,782)
Payment of lease liabilities	(230)	(5,460)
<i>Net cash used in financing activities</i>	<b>(24,125)</b>	(21,662)
<b>Net increase in cash and cash equivalents</b>	<b>201,959</b>	84,328
Cash and cash equivalents at 1 January	<b>280,280</b>	198,107
<b>Cash and cash equivalents as at 30 June, represented by bank balance and cash</b>	<b>482,239</b>	282,435

# 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 Shandong 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”).

The board of directors (the “Board of Directors”) of the Company is pleased to present the unaudited condensed interim financial statements of the Company for the six months ended 30 June 2021 together with the unaudited comparative figures for the corresponding period in 2020 and the relevant explanatory notes as set out below. The condensed interim financial statements have not been audited but have been reviewed by the audit committee.

Unless otherwise stated, 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.

# Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2020.

## 4. REVENUE

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (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
<b>Total revenue</b>	<b>343,640</b>	<b>293,518</b>

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Types of services</b>		
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
<b>Total</b>	<b>305,344</b>	<b>251,597</b>
<b>Timing of revenue recognition</b>		
Over time	291,413	232,466
At a point in time	13,931	19,131
<b>Total</b>	<b>305,344</b>	<b>251,597</b>

# Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

## 5. SEGMENT INFORMATION

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

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

### Geographic information

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

### Information about major customers

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (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.

## 6. OTHER INCOME

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest income	2,534	348
Government grants (note)	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.

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 7. IMPAIRMENT LOSSES, NET OF REVERSAL

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Impairment losses reversed/(recognised) on trade receivables	338	(497)
Impairment losses on other receivables	—	(8)
Impairment losses reversed on contract assets	38	38
	<b>376</b>	<b>(467)</b>

### 8. FINANCE COSTS

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

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 9. PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (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)
Net rental income from investment properties and certain terminal facilities	33,483	38,034
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
Total depreciation and amortisation charged to profit or loss	56,240	57,841
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
Total staff costs	30,709	23,287

### 10. INCOME TAX EXPENSE

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

# Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

## 11. 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).

## 12. EARNINGS PER SHARE

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

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

## 13. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 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: RMB Nil), 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).

# Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

## 14. INVESTMENT PROPERTIES

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

# Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

## 15. INTANGIBLE ASSETS

	Software RMB'000 (Unaudited)	Rights to use sea area RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>As at 1 January 2020</b>			
Cost	2,719	18	2,737
Accumulated amortisation	(848)	(1)	(849)
<b>Net book amount</b>	<b>1,871</b>	<b>17</b>	<b>1,888</b>
<b>Year ended 31 December 2020</b>			
Opening net book amount	1,871	17	1,888
Additions	1,306	–	1,306
Amortisation	(283)	(1)	(284)
<b>Closing net book amount</b>	<b>2,894</b>	<b>16</b>	<b>2,910</b>
<b>As at 31 December 2020 and 1 January 2021</b>			
Cost	4,025	18	4,043
Accumulated amortisation	(1,131)	(2)	(1,133)
<b>Net book amount</b>	<b>2,894</b>	<b>16</b>	<b>2,910</b>
<b>For the six months ended 30 June 2021</b>			
Opening net book amount	<b>2,894</b>	<b>16</b>	<b>2,910</b>
Additions	<b>326</b>	<b>–</b>	<b>326</b>
Amortisation	<b>(212)</b>	<b>–</b>	<b>(212)</b>
<b>Closing net book amount</b>	<b>3,008</b>	<b>16</b>	<b>3,024</b>
<b>As at 30 June 2021</b>			
Cost	<b>4,351</b>	<b>18</b>	<b>4,369</b>
Accumulated amortisation	<b>(1,343)</b>	<b>(2)</b>	<b>(1,345)</b>
<b>Net book amount</b>	<b>3,008</b>	<b>16</b>	<b>3,024</b>

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 16. OTHER NON-CURRENT ASSETS

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Taxes prepaid for rental income from properties under operating lease arrangement	<b>2,264</b>	1,242

### 17. TRADE AND OTHER RECEIVABLES

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

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

### 18. BILLS RECEIVABLES AT FVTOCI

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

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

The valuation method and major data of bills receivables of the Company as at 30 June 2021 and 31 December 2020 includes discounted cash flow at a discount rate that reflects the current borrowing rate at the end of the reporting period.

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 19. TRADE AND OTHER PAYABLES

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

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

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

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 20. CONTRACT LIABILITIES

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

Contract liabilities represent the deposits received from the customers in advance of rendering services to customers.

There was no revenue recognised in the reporting period that related to performance obligation that were satisfied in prior year.

### 21. LEASE LIABILITIES

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Total minimum lease payments:		
Due within 1 year	<b>22,929</b>	22,929
Due within 2 to 5 years	<b>83,697</b>	83,877
Due more than 5 years (include renewal option that are reasonably certain to be exercised)	<b>591,348</b>	614,605
	<b>697,974</b>	721,411
Less: future lease liabilities finance charges	<b>(490,329)</b>	(513,536)
Present value of lease liabilities	<b>207,645</b>	207,875

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 21. LEASE LIABILITIES (CONTINUED)

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
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	200,464	200,795
	<b>207,645</b>	207,875
Less: payment due within 1 year (presented under current liabilities)	<b>(2,776)</b>	(2,677)
Payment due after 1 year	<b>204,869</b>	205,198

*Note:* Included in the above balances, the present value of RMB207,645,000 (31 December 2020: RMB207,875,000) with total minimum lease payments of RMB697,974,000 (31 December 2020: RMB721,411,000) represent lease liabilities payable to Rizhao Port Group as at 30 June 2021.

### 22. ADVANCE PAYMENTS FROM LEASE CONTRACT

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

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 23. SHARE CAPITAL

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

### 24. CAPITAL COMMITMENTS

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

# Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

## 25. CONNECTED AND RELATED PARTY TRANSACTIONS

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

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

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

<sup>#</sup> The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 25. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

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

Name of related parties	Nature of transactions	For six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Rizhao Port Group	Interest paid on lease liabilities	10,134	10,226
Rizhao Port Group	Procurement of logistics service	5,449	5,398
Rizhao Port Group	Berth leasing income	1,796	–
Rizhao Port Power	Procurement of maintenance services	11,145	8,053
Shandong Gangwan	Procurement of construction service	–	25,773
Rizhao Port Handling	Procurement of port related services	23,886	22,655
Rizhao Port	Procurement of utility services and berth leasing expense	9,540	7,642
Rizhao Port	Interest paid on lease liabilities	–	282
Rizhao Port	Berth leasing income	–	600
Rizhao Port Container	Berth leasing income	1,661	3,509
RPG Finance	Interest income	590	123
Rizhao Port Logistics	Stevedoring service income	–	16,878
Rizhao Zhongran Marine Fuel	Procurement of utility services	2,871	1,728
Lanshan Branch of Rizhao Port	Procurement of port related services	5,212	3,131

(c) Related party balances

Amounts due to related parties (non-trade nature)

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Rizhao Port Machinery	238	238
Rizhao Gangtong Communication	17	17
Rizhao Port Supervision	30	30
Shandong Gangwan	11,418	13,433
Rizhao Port Information	18	18
Shangdong Lanxiang	25	25
Rizhao Port Handling	7	–
<b>Total</b>	<b>11,753</b>	<b>13,761</b>

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 25. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Related party balances (Continued)

##### Amounts due to related parties (trade nature)

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Lanshan Branch of Rizhao Port	–	200
Rizhao Port	–	1,540
<b>Total</b>	<b>–</b>	<b>1,740</b>

##### Prepayments to related parties for procurement on utility services

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Rizhao Zhongran Marine Fuel	120	297
Rizhao Port Youth Hostel	–	77
<b>Total</b>	<b>120</b>	<b>374</b>

##### Lease liabilities payables

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Rizhao Port Group	207,645	207,875

## Notes to the Condensed Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 25. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Related party balances (Continued)

##### Right-of-use assets – Prepaid lease payments

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Rizhao Port Group	<b>2,297</b>	3,063

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

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
RPG Finance	<b>114,194</b>	128,032

#### (e) Compensation of key management personnel

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

	<b>For six months ended 30 June</b>	
	<b>2021 RMB'000 (Unaudited)</b>	2020 RMB'000 (Unaudited)
Basic salaries	<b>588</b>	586
Bonus	<b>590</b>	499
Retirement benefit scheme contributions	<b>300</b>	210
	<b>1,478</b>	1,295