



# 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



# 2019 INTERIM REPORT

# Contents

Corporate Information	2
Definitions	4
Management Discussion and Analysis	6
Other Information	17
Condensed Statement of Profit or Loss and Other Comprehensive Income	20
Condensed Statement of Financial Position	21
Condensed Statement of Changes in Equity	23
Condensed Statement of Cash Flows	24
Notes to Condensed Financial Statements	25



# 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. Zhang Baohua

## REGISTERED OFFICE AND HEADQUARTER IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## LISTING DATE

19 June 2019

## PLACE OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited

## STOCK ABBREVIATION (IN ENGLISH)

RIZHAO PORT JR

## STOCK ABBREVIATION (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

## NON-EXECUTIVE DIRECTORS

Mr. Zhang Baohua (*Chairman*)  
Mr. Ng Chee Keong (*Deputy Chairman*)  
Mr. Ooi Boon Hoe  
Mr. Shi Ruxin  
Mr. Jiang Zidan

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Zixue  
Mr. Lau Wai Leung Anders  
Mr. Wu Xibin

### SUPERVISORS

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

### JOINT COMPANY SECRETARIES

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

### AUTHORIZED REPRESENTATIVES

Mr. Zhang Baohua  
Ms. Fok Po Yi

### AUDIT COMMITTEE

Mr. Lau Wai Leung Anders (*Chairman*)  
Mr. Zhang Zixue  
Mr. Shi Ruxin

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

Mr. Zhang Baohua (*Chairman*)  
Mr. Lau Wai Leung Anders  
Mr. Zhang Zixue  
Mr. Wu Xinbin  
Mr. Ng Chee Keong

### AUDITOR

Deloitte Touche Tohmatsu

### COMPLIANCE ADVISER

China Industrial Securities International Capital Limited  
7/F Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### 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)
“Board”	board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this interim report shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司)
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under PRC laws
“H Share(s)”	overseas listed shares in the share capital of the Company with a nominal value of RMB1.00 each in the share capital of the Company, listed on the main board of the Stock Exchange and traded in HK\$
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	19 June 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 31 May 2019
“Reporting Period”	the six months ended 30 June 2019
“Rizhao Municipal Government”	Rizhao Municipal People’s Government

## Definitions (Continued)

“Rizhao Port Group”	Rizhao Port Group Co., Ltd. (日照港集團有限公司)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Shandong Port Group”	Shandong Port Group Co., Ltd. (山東省港口集團有限公司)
“Shandong SASAC”	Shandong Provincial State-owned Assets Supervision and Administration Commission
“Share(s)”	share(s) of RMB1.00 each in the share capital of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“%”	per cent



# Management Discussion and Analysis

## INTERNATIONAL AND DOMESTIC SITUATION

### Overall Situation

In the first half of 2019, the economy of the PRC maintained the momentum of overall stability amidst progress, with a gross domestic product (GDP) of RMB45.10 trillion, representing a year-on-year increase of 6.3%. According to the General Administration of Customs of the PRC statistics, from January to June 2019, the total import and export trade value of the PRC amounted to RMB14.67 trillion, representing an increase of 3.9% as compared with the same period of 2018, of which, total export value amounted to RMB7.95 trillion, increased by 6.1% and total import value amounted to RMB6.72 trillion, increased by 1.4%, with a trade surplus of RMB1.23 trillion, representing an increase of 41.6% as compared with the same period of 2018. (Source: National Bureau of Statistics of the PRC, the General Administration of Customs of the PRC).

### Operation of the Port Industry

In the first half of 2019, the PRC's port production achieved steady growth. From January to June 2019, the cargo throughput of the ports in the PRC amounted to 6,713.01 million tonnes, representing an increase of 4.5% as compared with the same period of 2018. (Source: Ministry of Transport of the PRC).

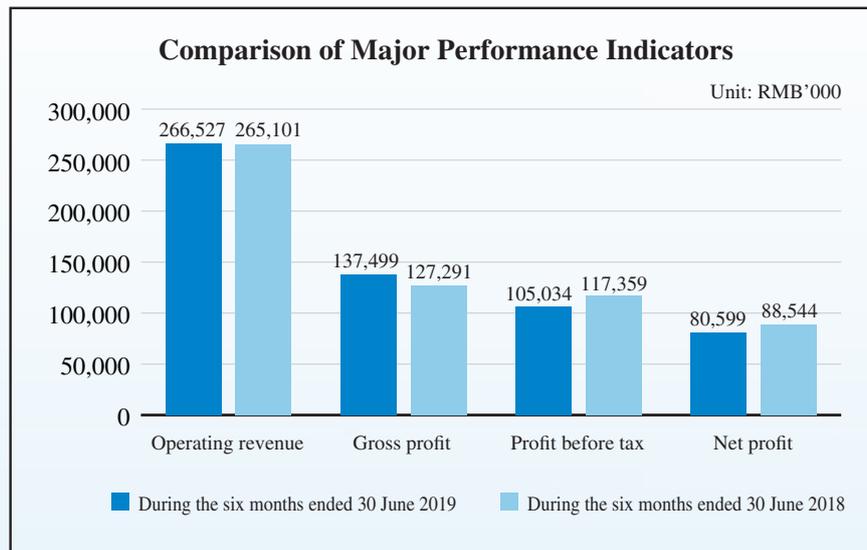
## BUSINESS AND FINANCIAL REVIEW

### Overall Review

In the first half of 2019, with the focus on market development, the Company gave play to its advantage in the operation of principal cargo types such as grains and woodchips, optimized production process and implemented systematic efficiency improvement projects to enhance the efficiency of loading and unloading vessel cargos and trans-shipment. The Company also provided integrated services to extend the service chain and enhance profitability, and pushed forward the steady growth of the businesses through quality improvement and efficiency enhancement and innovation.

## Management Discussion and Analysis (Continued)

During the Reporting Period, the Company achieved 13.75 million tonnes of cargo throughput, representing an increase of 0.9% as compared with the same period of 2018. In terms of various cargo types, the throughput of soybeans recorded a decrease as compared with the same period of 2018, but such decrease was mainly attributable to the lower market demand for soybean meals and other feed products caused by the substantial decrease in the amount of livestock on hand due to African swine fever. In addition, the Sino-U.S. trade frictions had little impact on the soybean throughput of the Company, which was mainly due to the fact that global soybean supply was sufficient, and the customers chose soybeans in South America as an effective supplement. The major performance indicators of the Company maintained stable, the details of which are as follows:



During the Reporting Period, the Company achieved an operating revenue of RMB266.5 million, increased by RMB1.4 million or 0.5% as compared with the same period of 2018, which was basically the same as last year.

During the Reporting Period, the Company achieved a gross profit of RMB137.5 million, increased by RMB10.2 million or 8% as compared with the same period of 2018, mainly attributable to the gross profit from existing and new logistics agency services.

During the Reporting Period, the Company achieved a profit before tax of RMB105.0 million, decreased by RMB12.3 million or 11% as compared with the same period of 2018.

During the Reporting Period, the Company achieved a net profit of RMB80.6 million, decreased by RMB7.9 million or 9% as compared with the same period of 2018.

## Management Discussion and Analysis (Continued)

### Financial Review

#### Revenue

During the Reporting Period, the Company achieved an operating revenue of RMB266.5 million, increased by RMB1.4 million or 0.5% as compared with the same period of 2018. Revenue by segment is as follows:

#### Total Revenue

	During the six months ended 30 June			
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Period-to-period change Change in amount RMB'000	Percentage of change
Revenue from contracts with customers – Provision of services	228,035	230,931	(2,896)	(1.3%)
Rental income from properties under operating lease arrangements (berth leasing)	38,492	34,170	4,322	12.6%
<b>Total revenue</b>	<b>266,527</b>	265,101	1,426	0.5%

#### Revenue from contracts with customers by service type

Types of services	During the six months ended 30 June			
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Period-to-period change Change in amount RMB'000	Percentage of change
Stevedoring service	197,687	219,437	(21,750)	(9.9%)
Storage service	14,705	4,831	9,874	204.4%
Port management services	5,868	6,663	(795)	(11.9%)
Logistics agency services	9,775	–	9,775	100%
<b>Total</b>	<b>228,035</b>	230,931	(2,896)	(1.3%)

## Management Discussion and Analysis (Continued)

During the Reporting Period, the Company recorded a slight year-on-year increase in revenue, mainly attributable to the increase in revenue of storage service, logistics agency services and berth leasing service, and the decrease in revenue of stevedoring service and port management services.

During the Reporting Period, the Company recorded a year-on-year increase in the storage service revenue, mainly attributable to the relatively long downtime of the manufacturers during and after the Spring Festival and the lack of storage room of the soybean meal manufacturers, resulting in the low discharge capacity. The Company started to engage in the logistics agency services in July 2018 so the Company recorded a year-on-year increase in the logistics agency services revenue during the Reporting Period as compared with the same period of 2018. The year-on-year increase in the berth leasing revenue was mainly attributable to (1) the reduction of tax rate from 11% to 10%, and then to 9% as impacted by the national tax policy of the PRC, and (2) the increase in the leasing revenue of Rizhao Port Container Development Co., Ltd..

During the Reporting Period, the decrease in the revenue of port management services was mainly attributable to the decrease in customers' demand for port management services.

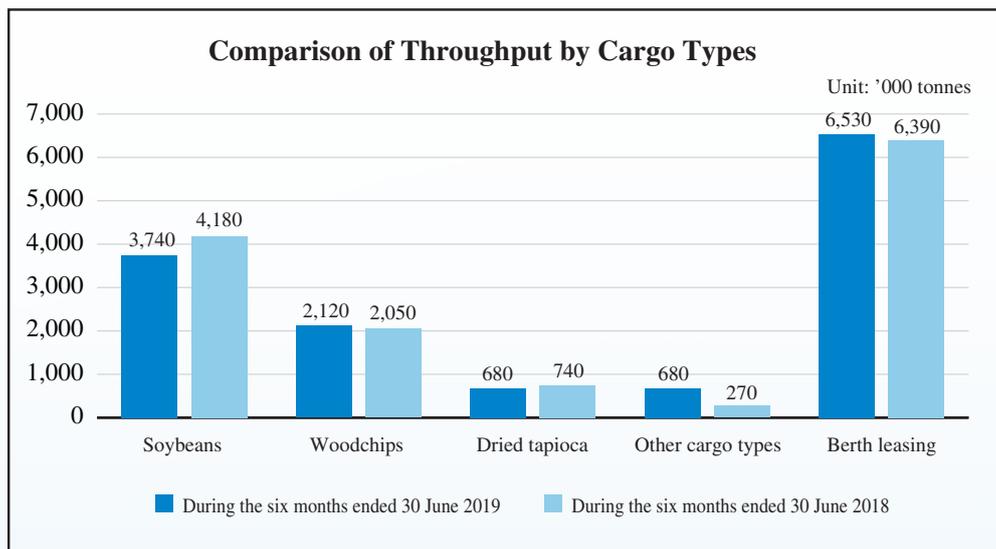
During the Reporting Period, the Company recorded a year-on-year decrease in the stevedoring service, mainly attributable to the decrease in the throughput of soybeans and dried tapioca, which have a higher revenue rate.

During the Reporting Period, the Company handled over 20 cargo types at the berths of the Company, primarily including soybeans, woodchips, dried tapioca and other cargo types including maize and wheat. The following table sets forth the throughput breakdown by cargo types for the period indicated.

*Unit: '000 tonnes, except percentage*

Cargo type	During the six months ended 30 June		2018		Change
	2019		Throughput	Proportion	
	Throughput	Proportion	Throughput	Proportion	
Soybeans	3,740	27.2%	4,180	30.7%	(10.5%)
Woodchips	2,120	15.4%	2,050	15.0%	3.4%
Dried tapioca	680	4.9%	740	5.4%	(8.1%)
Other cargo types	680	4.9%	270	2.0%	151.9%
Berth leasing	6,530	47.6%	6,390	46.9%	2.2%
Total	13,750	100.0%	13,630	100.0%	0.9%

## Management Discussion and Analysis (Continued)



### *Soybeans*

According to the latest data of the Ministry of Agriculture and Rural Affairs of the PRC, affected by African swine fever, in June 2019, the amount of live hogs on hand decreased by 25.8% as compared with the same period of 2018, and the amount of breeding sows on hand decreased by 26.7% as compared with the same period of 2018, resulting in slow sales of soybean meals by soybean processing manufacturers and a decrease in the PRC's soybean imports. From January to June 2019, the PRC imported 38.27 million tonnes of soybeans (Source: General Administration of Customs of the PRC), representing a decrease of 14.7% as compared with the same period of 2018. The Company's soybean imports accounted for 9.8% of the PRC's soybean imports in the first half of 2019, representing an increase of 0.5% as compared with the same period of 2018, which represents a further increase in the market share.

### *Woodchips*

The woodchip business of the Company maintained a stable growth, the throughput of which in the first half of 2019 was 2.12 million tonnes, increased by 3.4% as compared with the same period of 2018.

### *Dried tapioca*

In the first half of 2019, affected by the downturn of the domestic alcohol industry in the PRC and the decline in tapioca inventory in Thailand, there was a decrease in China's import of dried tapioca, with a total import volume of 1.95 million tonnes (Source: General Administration of Customs of the PRC), representing a decrease of 1.28 million tonnes or 39.6% as compared with the same period of 2018. The throughput of dried tapioca of the Company maintained stable with 0.68 million tonnes completed in the first half of 2019, and the Company's market share increased from 22.9% for the same period of 2018 to 34.9% in the first half of 2019.

## Management Discussion and Analysis (Continued)

### *Other cargo types*

In the first half of 2019, the Company strengthened the development of the maize market, with the throughput of maize amounting to 0.68 million tonnes, representing an increase of 151.9% as compared with the same period of 2018. On the basis of cooperation with existing customers, the Company achieved the first loading and unloading of maize with state-owned quota in the northern port, which laid the foundation for the Company's further development of the maize business.

### *Berth leasing*

The Company entered into a long-term lease agreement to lease the West-4 berth, Wood-2 berth and Wood-3 berth owned by the Company to Asia Symbol, an independent third party engaged in wood pulp production. The business volume of berth leasing is mainly derived from the throughput of woodchips imported and transferred by Asia Symbol. Asia Symbol pays the Company a fixed rent each year, and is responsible for the maintenance of the leased berth and related berthing equipment.

### **Cost of Sales**

During the Reporting Period, the cost of sales of the Company amounted to RMB129.0 million, representing a decrease of RMB8.8 million or 6% as compared with RMB137.8 million for the same period of 2018, mainly attributable to the decrease in maintenance costs, subcontracting costs and rental.

### **Gross Profit**

During the Reporting Period, the Company achieved the gross profit of RMB137.5 million, representing an increase of RMB10.2 million or 8% as compared with RMB127.3 million for the same period of 2018, mainly attributable to the gross profit from storage service and new logistics agency services.

### **Administrative Expenses**

During the Reporting Period, the total administrative expenses of the Company amounted to RMB8.5 million, representing an increase of RMB2.6 million or 44% as compared with RMB5.9 million for the same period of 2018, mainly attributable to (1) the increase in the staff costs due to the increase in the number of administrative personnel and remuneration level of the Company, and (2) the donation to the Community Chest of Hong Kong in the amount of RMB1.0 million.

### **Listing Expenses**

During the Reporting Period, the listing expenses of the Company amounted to RMB11.0 million, and there were no listing expenses for the same period of 2018.

### **Other Income**

During the Reporting Period, other income of the Company amounted to RMB1.8 million, representing an increase of RMB1.1 million or 140% as compared with RMB0.7 million for the same period of 2018, mainly attributable to the new listing reward and subsidy from the Chinese government in the amount of RMB1.0 million.



## Management Discussion and Analysis (Continued)

### Finance Cost

During the Reporting Period, finance cost of the Company amounted to RMB12.4 million, representing an increase of RMB9.0 million, or 268% as compared with RMB3.4 million for the same period of 2018, mainly attributable to the impact of IFRS 16 Leases on the Company.

### Income Tax Expense

During the Reporting Period, the income tax expense of the Company amounted to RMB24.4 million, representing a decrease of RMB4.4 million or 15% as compared with RMB28.8 million for the same period of 2018, mainly attributable to the decrease in the profit before tax of the Company.

### Total Comprehensive Income for the Period

As a result of the foregoing, during the Reporting Period, the total comprehensive income of the Company amounted to RMB80.6 million, representing a decrease of RMB7.9 million or 9% as compared with RMB88.5 million for the same period of 2018.

## 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 2019, the Company had cash and cash equivalents of RMB607.0 million (31 December 2018: RMB55.5 million).

As at 30 June 2019, the Company's total bank borrowings amounted to RMB150.0 million (31 December 2018: Nil), which were denominated in RMB at fixed rate, and due within one year.

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 2.94 as at 30 June 2019 (31 December 2018: 0.43).

As at 30 June 2019, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 19.1% (31 December 2018: Nil).

## Management Discussion and Analysis (Continued)

During the Reporting Period, the Company's net cash from operating activities amounted to RMB124.4 million (the corresponding period of 2018: RMB108.3 million). The Company's net cash used in investing activities during the Reporting Period amounted to RMB2.6 million (the corresponding period of 2018: RMB5.2 million). The Company's net cash from financing activities during the Reporting Period amounted to RMB429.7 million (the corresponding period of 2018: net cash used of RMB108.5 million).

### PLEDGE OF ASSETS

As at 30 June 2019, the Company did not have any pledge of assets (31 December 2018: nil).

### CONTINGENT LIABILITIES

As at 30 June 2019, the Company did not have any contingent liabilities (31 December 2018: 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 RMB3.9 million (the corresponding period of 2018: RMB5.7 million).

### CAPITAL COMMITMENTS

The Company's capital commitments primarily consist of capital expenditures contracted for but not yet paid in relation to property, plant and equipment. The Company's capital commitments further increased from RMB61.3 million as at 31 December 2018 to RMB548.2 million as at 30 June 2019, primarily because the Company entered into the berth acquisition agreement on 8 March 2019 for the acquisition of the West-6 berth at a consideration of RMB464.3 million, the construction agreement on 1 March 2019 for the renovation of West-6 berth at a consideration of RMB7.2 million, the equipment purchase agreement at a consideration of RMB62.3 million and other equipment purchase and installment agreements.

### SIGNIFICANT INVESTMENTS

During the Reporting Period, the major capital investment of the Company amounted to RMB37.8 million, which was used for the purchase of three gantry cranes for the West-3 berth, and such gantry cranes are expected to be put into use in October 2019.

### MATERIAL ACQUISITIONS AND DISPOSALS

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



## Management Discussion and Analysis (Continued)

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

After 30 June 2019, the Company intends to utilize self-owned funds to carry out the “Phase II Bulk Grain Silo Reconstruction Project for Loading and Unloading of Maize” to achieve the loading and unloading of maize from the West-2 berth and West-3 berth to the phase II bulk grain silo.

### EVENTS AFTER THE REPORTING PERIOD

On 5 July 2019, the over-allotment option was fully exercised by the sole representative on behalf of the international underwriters for the Company’s initial public offering of H Shares. On 12 July 2019, 60,000,000 additional H Shares of HK\$1.50 each, representing 15.00% of the total number of offer shares initially available under the global offering, were allotted and issued by the Company and were listed and traded on the Stock Exchange. For details, please refer to the announcement of the Company dated 7 July 2019.

On 22 August 2019, Rizhao Municipal Government entered into an equity transfer agreement with Shandong SASAC and Shandong Port Group, pursuant to which, Rizhao Municipal Government agreed to gratuitously transfer its 100% of the equity interest in Rizhao Port Group, a controlling shareholder of the Company, to Shandong Port Group (the “Proposed Restructuring”).

Upon the completion of the Proposed Restructuring, the ultimate controller of the Company will change from Rizhao Municipal Government to Shandong SASAC. As at the date of this interim report, the Proposed Restructuring has not been completed. For details of the Proposed Restructuring, please refer to the announcement of the Company dated 22 August 2019.

Save as disclosed above, 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 2019, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Company had a total of 282 full-time employees, all of whom are based in the PRC (31 December 2018: 278 employees). During the Reporting Period, the employees costs of the Company amounted to RMB24.7 million.

## Management Discussion and Analysis (Continued)

The remuneration policy of the Company links the remunerations of employees with performance, according to their positions, qualifications, work performance and the Company's production and operation results. For the senior management of the Company, the Company implements a basic salary and a performance-based salary policy. The employees' remunerations are reviewed and adjusted by the Company annually. The Company also provides employees with various benefits in accordance with the relevant national, municipal and city-level laws and regulations in the PRC.

In addition, to actively establish a learning enterprise and cultivate employees with active learning, the Company offers internal trainings on safety and security, business operations and technical skills to the employees for their improvement of skills related to their positions.

### FUTURE PROSPECTS

The Company is faced with great uncertainties in the market environment due to the complex and changeable international trade situations. Looking forward, the Company will focus on economic efficiency and take the initiative to seize opportunities to expand and strengthen its principal business, i.e. port loading and unloading, further extend the service chain and improve service standards, so as to maintain and expand market share. In this regard, the Company will focus on the following:

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

The Company will keep abreast of the industry development trend and spare no efforts to expand the market while ensuring the existing product supply, such as taking the initiative to seize the opportunities brought by new production capacity of the industry to acquire new cargo types and new customers. The Company will also take the initiative to seize the opportunities brought by the "highway-railway transition" to promote multi-model transportation with focus on further development of the markets in mid-western regions of the PRC to acquire new customers by keeping a close eye on their procurement needs. Further, the Company will pay attention to the progress of putting into operation the new production capacity near the port and strengthen cooperation with trade customers to increase the volume of trans-shipment.

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

The Company will optimize service combination and procedures with focus on the customers, allowing one-stop business handling at one time, so as to enhance customer experience.

#### **Improvement of system production efficiency**

The Company is expected to strengthen external communications to ensure efficient berthing and unberthing of vessels, spare no efforts to reduce non-productive berthing time and berthing-free time, and strengthen project research to push forward technological improvements such as the "new technology for unloading of soybeans in the rainy days" and "unmanned filling of loading funnel", so as to improve the Company's production efficiency.



## Management Discussion and Analysis (Continued)

### **Implementation of capacity improvement project**

The Company intends to accelerate the “West-6 berth bulk grain operation reconstruction project” for the purpose of alleviating port congestion. The Company is in the process of handling asset transfer and other procedures, and will commence the project in due course upon the fulfillment of certain conditions. The Company also plans to conduct adaptive reconstruction of the phase II bulk grain silos to achieve the loading and unloading of maize from the West-2 berth and West-3 berth to the phase II bulk grain silos, with the purpose of meeting the increasing market demand for maize. The Company will cultivate the second high-quality grain product as soon as possible, the project for which is in the stage of open tender and is expected to commence in the second quarter of next year.

### **Promotion of the establishment of “Smart Ports”**

The Company will carry out information technology projects such as automatic loading of train loading lines, centralized control of inspection and weighing, remote silo filling and loading, and intelligent monitoring of belt conveyors for the optimization of process flow to achieve efficiency promotion of the Company.

### **CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance.

From the Listing Date and up to 30 June 2019, the Company has complied with all the code provisions set out in the CG Code.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct for the Directors and the Supervisors to conduct securities transactions. Having made specific enquiry of all the Directors and Supervisors, each of the Directors and the Supervisors has confirmed that he/she has complied with the required standard as set out in the Model Code from the Listing Date to 30 June 2019.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend as at 30 June 2019.

### **AUDIT COMMITTEE**

The interim unaudited financial statements of the Company for the six months ended 30 June 2019 have been reviewed by the Company's audit committee.

### **CHANGE IN DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE**

From the Listing Date to 30 June 2019, there was no change in Directors, Supervisors and chief executive of the Company.

From the Listing Date to 30 June 2019, 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.



## Other Information (Continued)

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

From the Listing Date and up to 30 June 2019, no purchase, sale or redemption of the Company's listed securities were made.

### **USE OF NET PROCEEDS FROM THE LISTING**

The Company was listed on the Stock Exchange on Listing Date by way of a global offering, under which a total of 400,000,000 H Shares were issued at an offer price HK\$1.50 per share, raising a total net proceeds of RMB472.4 million after deducting professional fees, underwriting commissions and other related listing expenses (the "IPO Proceeds").

As set out in the Prospectus, the Company had plans to use the IPO Proceeds. As at 30 June 2019, the Company did not use any of the IPO Proceeds.

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

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

As at 30 June 2019, to the best knowledge of the Directors, none of the Directors, Supervisors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company 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 from the Listing Date to 30 June 2019 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 of 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 2019, 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	Nature of Interest	Number of shares	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> (%)
Rizhao Port Co., Ltd. ("Rizhao Port")	Beneficial owner	840,000,000	Domestic Shares	Long position	100	52.5
Rizhao Port Group <sup>(1)</sup>	Interest in controlled corporation	840,000,000	Domestic Shares	Long position	100	52.5
Jurong Port Rizhao Holding Pte Ltd ("Jurong Port Holding")	Beneficial owner	360,000,000	H Shares	Long position	47.37	22.5
Jurong Port Pte Ltd ("Jurong Port") <sup>(2)</sup>	Interest in controlled corporation	360,000,000	H Shares	Long position	47.37	22.5

(1) Rizhao Port Group is the controlling shareholder of Rizhao Port and directly held 43.6% of the equity interest in Rizhao Port, and indirectly held 0.88% of the equity interest in Rizhao Port through its wholly-owned subsidiary, Rizhao Port Group Lanshan Port Company Limited (日照港集團嵐山港務有限公司), as at 30 June 2019. Therefore, 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 2019. 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 2019.

(4) The calculation is based on the total number of 1,600,000,000 Shares in issue comprising 840,000,000 Domestic Shares and 760,000,000 H Shares as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any persons (who were not Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## SHARE OPTION SCHEME

As at 30 June 2019, the Company has not implemented any share option scheme.

# Condensed Statement of Profit or Loss Account and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>266,527</b>	265,101
Cost of sales		<b>(129,028)</b>	(137,810)
<b>Gross profit</b>		<b>137,499</b>	127,291
Other income	6	<b>1,788</b>	745
Other gains and losses	6	<b>4</b>	33
Impairment losses, net of reversal	7	<b>(1,112)</b>	(163)
Selling and distribution expenses		<b>(1,224)</b>	(1,259)
Administrative expenses		<b>(8,554)</b>	(5,927)
Listing expenses		<b>(10,982)</b>	–
Finance costs	8	<b>(12,385)</b>	(3,361)
Profit before tax	9	<b>105,034</b>	117,359
Income tax expense	10	<b>(24,429)</b>	(28,815)
<b>Profit for the period</b>		<b>80,605</b>	88,544
<b>Other comprehensive loss for the period</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Change in fair value of bills receivables		<b>(6)</b>	–
<b>Total comprehensive income attributable to the owners of the Company for the period</b>		<b>80,599</b>	88,544
<b>Earnings per share for profit attributable to the owners of the Company during the period (RMB cents)</b>	12	<b>6.57</b>	7.38

# Condensed Statement of Financial Position

As at 30 June 2019

	<i>Notes</i>	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,454,102	1,262,184
Deposits for purchase of property, plant and equipment		10,388	7,615
Investment properties	14	314,659	318,546
Intangible assets	15	2,007	2,039
Other non-current assets	16	1,443	7,636
		<b>1,782,599</b>	1,598,020
<b>Current assets</b>			
Inventories		4,027	3,901
Trade and other receivables	17	36,503	34,641
Bills receivable at fair value through other comprehensive income	18	19,107	15,808
Contract assets		–	9,687
Cash and cash equivalents		606,966	55,491
		<b>666,603</b>	119,528
<b>Current liabilities</b>			
Trade and other payables	19	49,410	60,052
Contract liabilities		436	1,603
Lease liabilities	22	12,576	–
Advance payments from lease contract	21	2,375	2,375
Bank borrowings	20	150,000	–
Income tax payable		11,854	3,276
Dividends payable		–	210,000
		<b>226,651</b>	277,306
<b>Net current assets/(liabilities)</b>		<b>439,952</b>	(157,778)
<b>Total assets less current liabilities</b>		<b>2,222,551</b>	1,440,242

## Condensed Statement of Financial Position (Continued)

As at 30 June 2019

	<i>Notes</i>	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>6,324</b>	8,282
Lease liabilities	22	<b>215,028</b>	–
Advance payments from lease contract	21	<b>23,156</b>	24,344
		<b>244,508</b>	32,626
<b>Net assets</b>			
		<b>1,978,043</b>	1,407,616
<b>Capital and reserves</b>			
Share capital	23	<b>1,600,000</b>	1,200,000
Reserves		<b>378,043</b>	207,616
<b>Total equity</b>			
		<b>1,978,043</b>	1,407,616

# Condensed Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Fair value through other comprehensive income reserve RMB'000	Retained profits RMB'000	Total RMB'000
<b>As at 1 January 2019 (Audited)</b>	1,200,000	-	159,077	16,385	-	32,154	1,407,616
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	80,605	80,605
Other comprehensive loss for the period	-	-	-	-	(6)	-	(6)
	-	-	-	-	(6)	80,605	80,599
Issue of new shares in the public offer (Note 23)	400,000	127,820	-	-	-	-	527,820
Listing expense (Note 23)	-	(37,992)	-	-	-	-	(37,992)
<b>As at 30 June 2019 (Unaudited)</b>	1,600,000	89,828	159,077	16,385	(6)	112,759	1,978,043

For the six months ended 30 June 2018

	Paid-in capital RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
<b>As at 1 January 2018 (Audited)</b>	1,170,000	48,471	290,533	1,509,004
Effect arising from adoption of IFRS 9	-	-	(540)	(540)
<b>Adjusted balance as at 1 January 2018</b>	1,170,000	48,471	289,993	1,508,464
Profit and total comprehensive income for the period	-	-	88,544	88,544
Dividends (Note 11)	-	-	(40,000)	(40,000)
<b>As at 30 June 2018 (Unaudited)</b>	1,170,000	48,471	338,537	1,557,008

# Condensed Statement of Cash Flows

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Operating activities</b>		
Cash from operations	142,225	132,810
Paid PRC Enterprise Income Tax (EIT)	(17,809)	(24,513)
Net cash from operating activities	124,416	108,297
<b>Investing activities</b>		
Payments of and deposits placed for property, plant and equipment	(2,666)	(5,795)
Proceeds from disposal of property, plant and equipment	–	45
Payments of intangible assets	(100)	–
Interest received	142	560
Net cash used in investing activities	(2,624)	(5,190)
<b>Financing activities</b>		
Proceeds from bank borrowings	150,000	–
Repaid bank borrowings	–	(64,867)
Proceeds from issuing shares	527,820	–
Interest paid	(12,385)	(3,621)
Payments of lease liability	(4,824)	–
Dividends paid	(202,000)	(40,000)
Payments of costs of issuing shares	(22,190)	–
Deferred costs of issuing shares	(6,738)	–
Net cash generated from/(used in) financing activities	429,683	(108,488)
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>551,475</b>	<b>(5,381)</b>
Cash and cash equivalents at 1 January	55,491	66,459
<b>Cash and cash equivalents as at 30 June, represented by bank balance and cash</b>	<b>606,966</b>	<b>61,078</b>

# Notes to Condensed Financial Statements

## 1. CORPORATE INFORMATION

Rizhao Port Jurong Co., Ltd. (the “Company”) is a joint stock company incorporated in the People’s Republic of China (the “PRC”) with limited liability. The registered office and headquarter of the Company in the PRC is at South End, Haibin 5th Road, Rizhao City, Shandong Province, the PRC. The principal place of business in Hong Kong is 40/F, Sunlight Tower, 248 Queen’s Road East, Wanchai, Hong Kong.

Rizhao Port Co., Ltd. (“Rizhao Port”) is the immediate holding company of the Company, a company incorporated in the PRC with limited liability and its shares are listed for trading on Shanghai Stock Exchange (Stock Code: 600017). In the opinion of the Directors, the Company’s ultimate holding company is Rizhao Port Group Co., Ltd. (“Rizhao Port Group”), a company incorporated in the PRC with limited liability.

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

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

The board of directors (the “Board of Directors”) of Rizhao Port Jurong is pleased to present the unaudited condensed interim financial statements of the Company for the six months ended 30 June 2019 together with the unaudited comparative figures for the corresponding period in 2018 and the relevant explanatory notes as set out below. The condensed interim financial statements have not been audited but have been reviewed by the audit committee.

Unless otherwise stated, condensed interim financial statements presented in Renminbi (“RMB”).

## 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 historical financial information for the year ended 31 December 2018 contained in the accountants’ report in the Company’s prospectus dated 31 May 2019.

The accounting policies and calculations used in preparing the condensed interim financial statements are consistent with those used in the Company’s historical financial information for the year ended 31 December 2018 contained in the accountant’s report in the Company’s prospectus dated 31 May 2019, except for the new and amended International Financial Reporting Standards (“IFRSs”), amendments and interpretations (collectively “new and amended standards”) issued by IASB and become effective during the current accounting period. Except as described below, the adoption of other new and amended IFRSs has no material impact on the accounting policies in the Company’s condensed interim financial statements for the period.

## Notes to Condensed Financial Statements (Continued)

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 “Leases” (“IFRS 16”)

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 has superseded IAS 17 and the related interpretations upon the adoption of IFRS 16 on 1 January 2019.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability are recognised for all leases by lessees, except for short-term leases and leases of low value assets.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. In the condensed statement of financial position, the right-of-use asset has been classified in the same basis of other similar assets that the Company owns and were included in property, plant and equipment. The cost of right-of-use asset includes the amount of the initial measurement of the lease liability and any prepaid lease payment made at or before the commencement date, less any lease incentives received. Depreciation is recognised on a straight-line basis over the shorter of the asset's useful life and the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid on that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, and variable lease payments that depend on an index or a rate. The difference between the present value and the total remaining lease payments represents the cost of financing and will be recognised in the profit or loss in the period in which it is incurred using the effective interest method.

For the classification of cash flows, lease payments in relation to lease liability are allocated into a principal and an interest portion which are presented as financing cash flows by the Company.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in the superseded IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

## Notes to Condensed Financial Statements (Continued)

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 “Leases” (“IFRS 16”) (Continued)

As allowed by IFRS 16, the Company elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an arrangement contains a lease* and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC-Int 4. Therefore, the Company has not reassessed whether the contracts are, or contain, leases which already existed prior to the date of initial application. Furthermore, as at the date of initial application of IFRS 16, being 1 January 2019, the Company elected not to include initial direct cost in the measurement of right-of-use assets under operating lease. At this date, the Company has also elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The Company has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low value assets; and (ii) short-term leases that at the commencement date, have a lease term of 12 months or less. Instead, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Reconciliation of operating lease commitments at 31 December 2018 with the recognised lease liabilities at 1 January 2019 is set out below:

	<b>As at 1 January 2019 RMB'000 (Unaudited)</b>
Operating lease commitments disclosed as at 31 December 2018	<b>284,182</b>
Less: Recognition exemption – short-term leases	<b>(312)</b>
Gross operating lease obligations as at 1 January 2019	<b>283,870</b>
Discounting	<b>(118,410)</b>
Lease liabilities discounted at relevant incremental borrowing rates as at 1 January 2019	<b>165,460</b>
Add: Renewal options reasonably certain to be exercised	<b>57,523</b>
Lease liabilities at 1 January 2019	<b>222,983</b>
Classified as:	
Current	<b>10,385</b>
Non-current	<b>212,598</b>
	<b>222,983</b>

The interest rates used in the initial recognition of lease liabilities are ranged from 6.55% to 9.82%.

## Notes to Condensed Financial Statements (Continued)

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 “Leases” (“IFRS 16”) (Continued)

The following table summarises the impact of transition to IFRS 16 on the Company’s condensed statement of financial position at 1 January 2019:

	As at 1 January 2019 RMB’000 (Unaudited)
Increase in property, plant and equipment	229,109
Decrease in prepayment for premises under operating leases	(6,126)
Increase in lease liabilities	222,983

The following table illustrates the impact on the results of the Company for the six months ended 30 June 2019 by adopting IFRS 16:

	RMB’000 (Unaudited)
<b>Condensed statement of profit or loss and other comprehensive income</b>	
Increase in depreciation	9,347
Decrease in operating lease expenses	(17,583)
Increase in finance costs	10,892
Decrease in profit for the period	2,656
<b>Condensed statement of cash flows</b>	
Increase in net cash from operating activities	15,716
Increase in net cash outflow from financing activities	(15,716)
Net change in cash and cash equivalents at the end of the period	–

## Notes to Condensed Financial Statements (Continued)

### 3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and further periods.

The following are the key assumptions concerning the future and other sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

#### **Estimated useful lives of property, plant and equipment, and investment properties**

In applying the accounting policy on property, plant and equipment, and investment properties with respect to depreciation, the management of the Company estimates the useful lives of investment properties and various categories of property, plant and equipment according to the experiences over the usage of them and also by reference to the relevant industrial norm. If the actual useful lives of them are less than the original estimated useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining useful life.

As at 30 June 2019, the carrying amounts of property, plant and equipment and investment properties were RMB1,454,102,000 (31 December 2018: RMB1,262,184,000) and RMB314,659,000 (31 December 2018: RMB318,546,000), respectively.

#### **Estimated impairment of trade receivables and contract assets**

Prior to the adoption of IFRS 9, the management of the Company estimates the recoverability of trade receivables and contract assets based on objective evidence. When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Since the adoption of IFRS 9 on 1 January 2018, the management of the Company estimates the amount of impairment loss for ECL on trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The amount of the impairment loss is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 30 June 2019, the carrying amount of trade receivables and contract assets were RMB34,346,000 (31 December 2018: RMB21,653,000) and nil (31 December 2018: RMB9,687,000), respectively, net of allowance for impairment of RMB1,997,000 (31 December 2018: RMB892,000).

## Notes to Condensed Financial Statements (Continued)

### 4. REVENUE

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue from contracts with customers– Provision of services	228,035	230,931
Gross rental income from properties under operating lease arrangement	38,492	34,170
<b>Total revenue</b>	<b>266,527</b>	265,101

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Types of services</b>		
Stevedoring service	197,687	219,437
Storage service	14,705	4,831
Port management services	5,868	6,663
Logistics agency services	9,775	–
<b>Total</b>	<b>228,035</b>	230,931
<b>Timing of revenue recognition</b>		
Over time	218,260	230,931
At a point in time	9,775	–
<b>Total</b>	<b>228,035</b>	230,931

## Notes to Condensed Financial Statements (Continued)

### 5. OPERATING SEGMENTS

Information reported to the chief operating decision maker of the Company, 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	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Customer A	40,603	40,599

## Notes to Condensed Financial Statements (Continued)

### 6. OTHER INCOME AND OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Other income</b>		
Interest income	142	560
Others	1,646	185
<b>Total</b>	<b>1,788</b>	<b>745</b>
<b>Other gains and losses</b>		
Gains from disposal of property, plant and equipment	–	7
Others	4	26
<b>Total</b>	<b>4</b>	<b>33</b>

### 7. IMPAIRMENT LOSSES, NET OF REVERSAL

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Impairment losses on trade receivables, net of reversal	1,317	163
Impairment losses on other receivables	7	–
Impairment losses reversed on contract assets	(212)	–
<b>Total</b>	<b>1,112</b>	<b>163</b>

### 8. FINANCE COSTS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on bank borrowings	1,493	3,361
Interest on lease liabilities	10,892	–
<b>Total</b>	<b>12,385</b>	<b>3,361</b>

## Notes to Condensed Financial Statements (Continued)

### 9. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Gross rental income from properties under operating lease arrangement	38,492	34,170
Less: direct operating expenses incurred for properties under operating lease arrangement that generated rental income	(3,906)	(3,629)
<b>Net rental income from properties under operating lease arrangement</b>	<b>34,586</b>	30,541
Depreciation:		
– Property, plant and equipment	41,148	40,371
– Right-of-use assets	9,347	–
– Investment properties	3,887	3,887
Amortisation of intangible assets (included in administrative expenses)	132	84
Lease expenses:	447	26,625
– Operating lease expense for berth in the PRC	–	15,792
– Operating lease expense for warehouse	–	597
– Operating lease expense for land use rights	–	9,949
– Short-term leases or leases with lease term less than 12 months under initial application of IFRS 16	312	–
– Leases of low-value items	135	287
Directors' emoluments	391	222
Other staff costs (exclude directors' emoluments):		
– Salaries, allowances and other benefits	17,285	16,228
– Retirement benefit scheme contributions	7,017	6,321
<b>Total staff costs</b>	<b>24,693</b>	22,771

## Notes to Condensed Financial Statements (Continued)

### 10. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax		
Current tax – PRC Enterprise Income Tax (“EIT”)	26,387	28,815
Deferred tax credit	(1,958)	–
	24,429	28,815

### 11. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: the Company declared dividends of RMB40,000,000 during the period, which were paid to the registered shareholders in accordance with their shareholdings).

### 12. EARNINGS PER SHARE

	For the six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company (RMB'000)	80,605	88,544
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,226,519,337	1,200,000,000
<b>Basic earnings per share (RMB cents)</b>	6.57	7.38

## Notes to Condensed Financial Statements (Continued)

### 12. EARNINGS PER SHARE (CONTINUED)

The weighted average number of ordinary shares for the purposes of calculating basic earnings per share for the six months ended 30 June 2019 comprises (i) 1,200,000,000 ordinary shares issued during the period; and (ii) 26,519,337 ordinary shares represent the weighted average number of 400,000,000 ordinary shares issued under the offering (Note 23). The ordinary shares for the purposes of calculating basic earnings per share for the six months ended 30 June 2018 represent the number of ordinary shares of the Company after share reform on 19 December 2018, and such shares were assumed to have issued on 1 January 2018.

There were no dilutive potential ordinary shares during the periods ended 30 June 2019 and 2018 and therefore, diluted earnings per share equals to basic earnings per share.

### 13. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2019, the Company had additions of property, plant and equipment at a total cost of RMB3,859,000 (for the six months ended 30 June 2018: RMB3,315,000), mainly including additions in buildings of approximately RMB1,996,000 and communication facilities & other equipment of approximately RMB1,008,000.

For the six months ended 30 June 2018, the Company disposed certain property, plant and equipment with the carrying amount of RMB38,000, recording the gain of RMB7,000.

As disclosed in note 2, the Company initially adopted IFRS 16 during the Reporting Period and recognised right-of-use assets of RMB229,109,000 on 1 January 2019, which further increased by RMB9,445,000 during the period. As at 30 June 2019, the carrying amount of right-to-use assets of the Company amounted to RMB229,207,000 (31 December 2018: nil).

For the six months ended 30 June 2019, depreciation of right-of-use assets and other property, plant and equipment during the period was RMB50,495,000 (for the six months ended 30 June 2018: RMB40,371,000).

## Notes to Condensed Financial Statements (Continued)

### 14. INVESTMENT PROPERTIES

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Investment properties	<b>314,659</b>	318,546

The following summarises the changes in the carrying amount presented in the condensed statement of financial position:

	<b>Terminal facilities RMB'000 (Unaudited)</b>
<b>Cost</b>	
As at 1 January 2018, 31 December 2018 and 30 June 2019	<b>399,318</b>
<b>Accumulated depreciation</b>	
As at 1 January 2018	<b>72,621</b>
Charge for the year	<b>8,151</b>
As at 31 December 2018	<b>80,772</b>
Charge for the period	<b>3,887</b>
As at 30 June 2019	<b>84,659</b>
<b>Carrying amount</b>	
As at 31 December 2018	<b>318,546</b>
As at 30 June 2019	<b>314,659</b>

## Notes to Condensed Financial Statements (Continued)

### 15. INTANGIBLE ASSET

	<b>Software RMB'000 (Unaudited)</b>
<b>Cost</b>	
As at 1 January 2018	1,688
Additions	932
As at 31 December 2018	2,620
Additions	100
As at 30 June 2019	2,720
<b>Accumulated amortisation</b>	
As at 1 January 2018	399
Charge for the year	182
As at 31 December 2018	581
Charge for the period	132
As at 30 June 2019	713
<b>Carrying amount</b>	
As at 31 December 2018	2,039
As at 30 June 2019	2,007

### 16. OTHER NON-CURRENT ASSETS

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Taxes prepaid for rental income from properties under operating lease arrangement	1,443	1,510
Prepayments for premises under operating lease	-	6,126
	1,443	7,636

## Notes to Condensed Financial Statements (Continued)

### 17. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Trade receivables	<b>36,343</b>	22,333
Less: allowance for impairment	<b>(1,997)</b>	(680)
	<b>34,346</b>	21,653
Other receivables	<b>437</b>	100
Less: allowance for impairment	<b>(9)</b>	(2)
	<b>428</b>	98
Prepayments	<b>1,729</b>	1,860
Value added tax recoverable	–	3,985
Deferred issue costs	–	7,045
Total trade and other receivables	<b>36,503</b>	34,641

## Notes to Condensed Financial Statements (Continued)

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

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Within 3 months	19,641	21,653
Over 3 months but within 1 year	14,705	–
	<b>34,346</b>	21,653

### 18. BILLS RECEIVABLE AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The following is an ageing analysis of bills receivables, net of allowance for impairment, presented based on the maturity dates:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Within 180 days	19,107	14,708
181 – 365 days	–	1,100
	<b>19,107</b>	15,808

The valuation method and major data of bills receivable of the Company as at 30 June 2019 and 31 December 2018 includes discounted cash flow and is discounted at the prevailing discount rate of borrowings reflected at the end of the Reporting Period.

## Notes to Condensed Financial Statements (Continued)

### 19. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Trade payables		
– Due to related parties	–	3,730
– Due to third parties	<b>3,974</b>	8,819
	<b>3,974</b>	12,549
Other tax payables	<b>1,797</b>	349
Payroll payable	<b>2,842</b>	2,645
Payable for acquisition of property, plant and equipment	<b>13,331</b>	17,331
Retention payable due within one year	<b>8,255</b>	8,869
Accrued issue cost and listing expenses	<b>12,451</b>	12,929
Other payables	<b>6,760</b>	5,380
Total trade and other payables	<b>49,410</b>	60,052

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Within 3 months	<b>2,655</b>	10,352
Over 3 months but within 6 months	<b>1,046</b>	1,795
Over 6 months but within 9 months	<b>91</b>	168
Over 9 months but within 1 year	–	85
Over 1 year but within 2 years	<b>182</b>	149
	<b>3,974</b>	12,549

## Notes to Condensed Financial Statements (Continued)

### 20. BANK BORROWINGS

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Fixed-rate bank borrowings – Unsecured and unguaranteed and due within 1 year	<b>150,000</b>	–

### 21. ADVANCE PAYMENTS FROM LEASE CONTRACT

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Lease payments received in advance	<b>25,531</b>	26,719
Less: Advance payments from lease contract	<b>(2,375)</b>	(2,375)
Non-current portion of lease payments	<b>23,156</b>	24,344

## Notes to Condensed Financial Statements (Continued)

### 22. LEASE LIABILITIES

	As at 30 June 2019 RMB'000 (Unaudited)
Total minimum lease payments:	
Due within 1 year	33,775
Due within 2 to 5 years	93,674
Due more than 5 years (include reasonably certain to be exercised of renewal options)	641,938
	769,387
Less: future lease liabilities finance charges	(541,783)
Present value of lease liabilities	227,604
	As at 30 June 2019 RMB'000 (Unaudited)
Present value of minimum lease payments:	
Due within 1 year	12,576
Due within 2 to 5 years	13,333
Due more than 5 years	201,695
	227,604
Less: payment due within 1 year (presented under current liabilities)	(12,576)
Payment due after 1 year	215,028

*Note:* Included in the above balance, the present value of RMB15,970,000 and RMB211,634,000 with total minimum lease payments of RMB16,811,000 and RMB752,576,000 represent lease liabilities payable to Rizhao Port and Rizhao Port Group, respectively.

## Notes to Condensed Financial Statements (Continued)

### 23. SHARE CAPITAL

	Foreign shares	Domestic shares	H shares	Number of shares	RMB'000 (Unaudited)
Issued and fully paid-up ordinary shares with par value of RMB1 each					
At 31 December 2018 and 1 January 2019	360,000,000	840,000,000	–	1,200,000,000	1,200,000
Foreign shares converted to H shares	(360,000,000)	–	360,000,000	–	–
Issue of share capital	–	–	400,000,000	400,000,000	400,000
<b>As at 30 June 2019</b>	<b>–</b>	<b>840,000,000</b>	<b>760,000,000</b>	<b>1,600,000,000</b>	<b>1,600,000</b>

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

360,000,000 shares were foreign shares as at 31 December 2018 and 1 January 2019, which were converted into H shares upon the listing on 19 June 2019.

Issued at offer price of HK\$1.50 per share, with proceeds raised from the issue amounted to RMB527,820,000 on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), after deduction of professional fees, underwriting commissions and other related listing expenses of RMB55,442,000, of which RMB37,992,000 were capitalised and RMB17,450,000 were expensed, the aggregate net proceeds amounted to RMB472,378,000.

### 24. CAPITAL COMMITMENTS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	548,196	61,300

## Notes to Condensed Financial Statements (Continued)

### 25. 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, connected persons having transactions with the Company are as follows:**

Name of related party	Relationship with the Company
Rizhao Port Group	Ultimate holding company
Rizhao Port	Immediate holding company
Rizhao Port Logistics Co., Ltd.# (日照港物流有限公司)(“Rizhao Port Logistics”)	Subsidiary of Rizhao Port Group
Rizhao Port Information Technology Co., Ltd.# (日照口岸信息技術有限公司)(“Rizhao Port Information”)	Subsidiary of Rizhao Port Group
Rizhao Port Power Engineering Co., Ltd.# (日照港動力工程有限公司)(“Rizhao Port Power”)	Subsidiary of Rizhao Port Group
Shandong Gangwan Construction Group Co., Ltd.# (山東港灣建設集團有限公司)(“Shandong Gangwan”)	Subsidiary of Rizhao Port Group
Rizhao Port Construction and Supervision Co., Ltd.# (日照港建設監理有限公司)(“Rizhao Port Supervision”)	Subsidiary of Rizhao Port Group
Rizhao Port Machinery Engineering Co., Ltd.# (日照港機工程有限公司)(“Rizhao Port Machinery”)	Subsidiary of Rizhao Port Group
Rizhao Port Engineering Design Consulting Co., Ltd.# (日照港工程設計諮詢有限公司)(“Rizhao Port Consulting”)	Subsidiary of Rizhao Port Group
Rizhao Gangtong Communication Engineering Co., Ltd.# (日照港通信工程有限公司)(“Rizhao Gangtong Communication”)	Subsidiary of Rizhao Port Group
Rizhao Gangda Ship Heavy Industry Co., Ltd.# (日照港達船舶重工有限公司)(“Rizhao Gangda”)	Subsidiary of Rizhao Port Group
Rizhao Port Handling Co., Ltd.# (日照海港裝卸有限公司)(“Rizhao Port Handling”)	Subsidiary of Rizhao Port Group
Rizhao Port Security Service Co., Ltd.# (日照港保安服務有限公司)(“Rizhao Port Security”)	Subsidiary of Rizhao Port Group
Rizhao Zhongran Marine Fuel Supply Co., Ltd.# (日照中燃船舶燃料供應有限公司)(“Rizhao Zhongran Marine Fuel”)	Subsidiary of Rizhao Port Group
Rizhao Commodity Exchange Centre Co., Ltd.# (日照大宗商品交易中心有限公司)(“Rizhao Commodity Exchange”)	Subsidiary of Rizhao Port Group
Railway Transportation Branch of Rizhao Port Group (日照港集團鐵路運輸公司)(“Rizhao Railway Transportation”)	Subsidiary of Rizhao Port Group
Rizhao Port Container Development Co., Ltd.# (日照港集裝箱發展有限公司)(“Rizhao Port Container”)	Subsidiary of Rizhao Port Group
Rizhao Port Group Finance Co., Ltd. (日照港集團財務有限公司)(“RPG Finance”)	Subsidiary of Rizhao Port Group
Rizhao Port Property Co., Ltd.# (日照港物業有限公司)(“Rizhao Port Property”)	Subsidiary of Rizhao Port Group

## Notes to Condensed Financial Statements (Continued)

### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) During the period, the Company had following transactions with connected persons:

		For six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Nature of transactions			
Rizhao Port Group	Lease of land use rights and warehouse in the PRC	–	12,067
Rizhao Port Group	Interest paid on lease liabilities	10,273	–
Rizhao Port Group	Procurement for factories	1,364	–
Rizhao Port Logistics	Procurement of port related services	–	594
Rizhao Port Information	Procurement of technology services	491	257
Rizhao Port Power	Procurement of maintenance services	–	6
Shandong Gangwan	Procurement of construction service	428	–
Rizhao Port Machinery	Procurement of construction and maintenance services	613	945
Rizhao Port Consulting	Procurement of construction services	28	–
Rizhao Gangtong Communication	Procurement of maintenance services	–	52
Rizhao Port Handling	Procurement of port related services	21,662	22,182
Rizhao Port Security	Procurement of security services	348	–
Rizhao Zhongran Marine Fuel	Procurement of utility services	2,077	–
Rizhao Port	Procurement of utility services and berth leasing expense	11,714	18,544
Rizhao Port	Interest paid on lease liabilities	619	–
Rizhao Port Property	Procurement of office and logistics services	1,692	147
Rizhao Port Container	Berth leasing income	3,778	–
Rizhao Commodity Exchange	Loading and unloading services income	264	–
RPG Finance	Interest income	127	540

## Notes to Condensed Financial Statements (Continued)

### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Related party balances

##### Amounts due to related parties – non-trade nature

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Rizhao Port Machinery	63	63
Rizhao Gangtong Communication	48	48
Rizhao Port Power	52	52
Rizhao Port Supervision	25	25
Shandong Gangwan	20,176	23,933
Rizhao Port Information	58	58
Rizhao Port Container	571	–
Rizhao Port Railway Transportation	2,538	–
Rizhao Port Property	49	–
Total	<b>23,580</b>	24,179

##### Amounts due to related parties – trade nature

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Rizhao Port	–	1,774
Rizhao Port Handling	–	1,956
Total	–	3,730

## Notes to Condensed Financial Statements (Continued)

### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Shandong Gangwan	<b>6,700</b>	6,700

##### Lease liabilities payables

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Rizhao Port	<b>15,970</b>	–
Rizhao Port Group	<b>211,634</b>	–
Total	<b>227,604</b>	–

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
RPG Finance	<b>85,138</b>	55,491

## Notes to Condensed Financial Statements (Continued)

### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	For six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Basic salaries	479	394
Bonus	362	255
Retirement benefit scheme contributions	267	156
	<b>1,108</b>	805

### 26. MAJOR NON-CASH TRANSACTIONS

During the period ended 30 June 2019, the Company settled dividend payable to an intermediate holding company by bills receivables of RMB8,000,000.

### 27. EVENTS AFTER THE REPORTING PERIOD

On 5 July 2019, the over-allotment option was fully exercised by the sole representative on behalf of the international underwriters for the Company's initial public offering of H shares. On 12 July 2019, 60,000,000 additional H shares of HK\$1.50 each, representing 15.00% of the total number of offer shares initially available under the global offering, were allotted and issued by the Company and were listed and traded on the Stock Exchange. For details, please refer to the announcement of the Company dated 7 July 2019.

On 22 August 2019, Rizhao Municipal People's Government ("Rizhao Municipal Government") entered into an equity transfer agreement with Shandong Provincial State-owned Assets Supervision and Administration Commission ("Shandong SASAC") and Shandong Port Group Co., Ltd. (山東省港口集團有限公司) ("Shandong Port Group"), pursuant to which, Rizhao Municipal Government agreed to gratuitously transfer its 100% of the equity interest in Rizhao Port Group, a controlling shareholder of the Company, to Shandong Port Group (the "Proposed Restructuring").

Upon the completion of the Proposed Restructuring, the ultimate controller of the Company will change from Rizhao Municipal Government to Shandong SASAC. As at the date of this announcement, the Proposed Restructuring has not been completed. For details of the Proposed Restructuring, please refer to the announcement of the Company dated 22 August 2019.

Save as disclosed above, there are no material events affecting the Company after the Reporting Period.