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

(Stock Code: 6117)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Director(s)**”) of Rizhao Port Jurong Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2022, which are set out below.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<i>Notes</i>	For the six months ended 30 June	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	413,212	416,000
Cost of sales		<u>(241,714)</u>	<u>(262,797)</u>
Gross profit		171,498	153,203
Other income	4	13,797	16,940
Impairment losses, net of reversal		(234)	621
Selling and distribution expenses		(1,349)	(2,104)
Administrative expenses		(11,287)	(8,293)
Finance costs	5	<u>(11,466)</u>	<u>(10,914)</u>
Profit before income tax	6	160,959	149,453
Income tax expense	7	<u>(39,468)</u>	<u>(36,899)</u>
Profit and total comprehensive income attributable to the owners of the Company for the period		<u>121,491</u>	<u>112,554</u>
Earnings per share for profit attributable to the owners of the Company during the period			
– Basic and diluted (<i>RMB cents</i>)	9	<u>7.32</u>	<u>6.78</u>

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	2,227,634	1,742,476
Deposits for purchase of property, plant and equipment		8,577	2,361
Investment properties	11	283,560	287,446
Intangible assets		3,067	3,302
Other non-current assets		905	973
		<u>2,523,743</u>	<u>2,036,558</u>
Current assets			
Inventories		1,668	2,669
Trade and other receivables	12	30,757	5,506
Bills receivables at fair value through other comprehensive income (“FVTOCI”)	13	100	1,850
Contract assets		9,913	5,005
Cash and cash equivalents		698,765	852,658
		<u>741,203</u>	<u>867,688</u>

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and other payables	14	173,760	78,234
Contract liabilities	15	3,310	4,702
Lease liabilities	16	13,855	14,470
Advance payments from lease contract	17	2,375	2,375
Income tax payable		18,140	13,542
Dividend payable	8	39,840	–
		<u>251,280</u>	<u>113,323</u>
Net current assets		<u>489,923</u>	<u>754,365</u>
Total assets less current liabilities		<u>3,013,666</u>	<u>2,790,923</u>
Non-current liabilities			
Lease liabilities	16	361,065	217,668
Advance payments from lease contract	17	13,656	14,844
Other payable		1,277	1,981
Deferred tax liabilities		2,410	2,823
		<u>378,408</u>	<u>237,316</u>
Net assets		<u><u>2,635,258</u></u>	<u><u>2,553,607</u></u>
CAPITAL AND RESERVES			
Share capital	18	1,660,000	1,660,000
Reserves		<u>975,258</u>	<u>893,607</u>
Total equity		<u><u>2,635,258</u></u>	<u><u>2,553,607</u></u>

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2023 (Audited)	1,660,000	105,245	159,077	83,748	545,537	2,553,607
Total comprehensive income for the period						
Profit and other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,491</u>	<u>121,491</u>
Transaction with owners						
Dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,840)</u>	<u>(39,840)</u>
Balance at 30 June 2023 (Unaudited)	<u>1,660,000</u>	<u>105,245</u>	<u>159,077</u>	<u>83,748</u>	<u>627,188</u>	<u>2,635,258</u>
Balance at 1 January 2022 (Audited)	1,660,000	105,245	159,077	63,466	405,820	2,393,608
Total comprehensive income for the period						
Profit and other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,554</u>	<u>112,554</u>
Balance at 30 June 2022 (Unaudited)	<u>1,660,000</u>	<u>105,245</u>	<u>159,077</u>	<u>63,466</u>	<u>518,374</u>	<u>2,506,162</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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). In the opinion of the directors, the ultimate holding company is Shandong Port Group Co., Ltd. (山東省港口集團有限公司) (“**Shandong Port Group**”), 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, 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**”).

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 2022.

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 2022, except for the new and amended International Financial Reporting Standards (“IFRSs”), amendments and interpretations (collectively “**new and amended IFRSs**”) issued by IASB and become effective during the current accounting period. The adoption of the new and amended IFRSs has no material impact on the accounting policies in the Company's condensed interim financial statements for the period.

3. REVENUE

	For the six months ended	
	30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers –		
Provision of services	374,177	379,788
Revenue from other sources – Rental income		
from investment properties	39,035	36,212
Total revenue	<u>413,212</u>	<u>416,000</u>

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Types of services		
Stevedoring service	322,272	296,957
Storage service	42,513	53,694
Port management services	9,392	12,741
Logistics agency services	–	16,396
	<hr/>	<hr/>
Total	374,177	379,788
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
Over time	374,177	363,392
At a point in time	–	16,396
	<hr/>	<hr/>
Total	374,177	379,788
	<hr/> <hr/>	<hr/> <hr/>

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

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

Geographic information

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

Information about major customers

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

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A	50,534	64,882
Customer B	47,083	47,883
Customer C	59,719	<i>(Note)</i>
	<hr/>	<hr/>
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Note: The Group had transactions with this customer but the amount of the transactions was less than 10% of the Group's revenue for the period ended 30 June 2022.

4. OTHER INCOME

	For the six months ended	
	30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income	6,412	5,129
Value-Added Tax Credit (<i>note</i>)	945	11,680
Gain on lease modification	5,632	–
Others	808	131
	<u>13,797</u>	<u>16,940</u>
Total	<u>13,797</u>	<u>16,940</u>

Note: Ministry of Finance and the State Taxation Administration announced additional value-added tax credit policy for the life service industry. Tax payers in the production and living service industry are allowed to credit the amount of input tax deductible in the current period plus 5% for the period ended 30 June 2023 (2022: 10%) thereof against the amount of taxes payable upon fulfilment of certain conditions.

5. FINANCE COSTS

	For the six months ended	
	30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expense		
– Interest on lease liabilities	<u>11,466</u>	<u>10,914</u>

6. PROFIT BEFORE INCOME TAX

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

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental income from investment properties	39,035	36,212
Less: direct operating expenses incurred from investment properties	(3,886)	(3,887)
Net rental income from investment properties	<u>35,149</u>	<u>32,325</u>
Depreciation:		
– Property, plant and equipment	47,206	52,778
– Right-of-use assets	12,267	10,024
– Investment properties	3,886	3,887
Amortisation of intangible assets	235	212
Total depreciation and amortisation charged to profit or loss	<u>63,594</u>	<u>66,901</u>
Lease charges:		
– Short-term leases	2,085	–
– Variable lease payments	10,600	12,000
Staff costs:		
– Directors' and supervisors' emoluments	1,029	652
– Other staff costs (exclude directors' and supervisors' emoluments):		
– Salaries, allowances and other benefits	25,816	26,712
– Retirement benefit scheme contributions	10,585	11,603
Total staff costs	<u>37,430</u>	<u>38,967</u>

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC enterprise income tax	39,881	37,099
Deferred tax	(413)	(200)
	<u>39,468</u>	<u>36,899</u>

8. DIVIDENDS

The Company declared 2022 final dividends of RMB39,840,000 during the period, which were paid on 31 July 2023 to shareholders whose names appear on the register of members of the Company on 30 May 2023 (for the six months ended 30 June 2022: Nil). The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

9. EARNINGS PER SHARE

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company (RMB'000)	<u>121,491</u>	<u>112,554</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,660,000,000</u>	<u>1,660,000,000</u>
Basic earnings per share (RMB cents)	<u>7.32</u>	<u>6.78</u>

There were no dilutive potential ordinary shares in issue for the periods ended 30 June 2023 and 2022. Therefore, the diluted earnings per share are equals to the basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2023, the Company had additions of property, plant and equipment at a total cost of RMB281,217,000 (for the six months ended 30 June 2022: RMB3,458,000), mainly included additions in construction in progress of approximately RMB277,722,000, communication facilities of approximately RMB512,000 and loading equipment of RMB2,626,000 (for the six months ended 30 June 2022: additions in construction in progress of approximately RMB1,232,000, communication facilities of approximately RMB1,035,000 and building RMB1,015,000).

For the six months ended 30 June 2023, none of the property, plant and equipment had been write-off by the Company (for the six months ended 30 June 2022: RMBNil).

As at 30 June 2023, the carrying amount of right-of-use assets of the Company amounted to RMB486,443,000 (31 December 2022: RMB235,296,000).

During the six months ended 30 June 2023, the Company acquired land use rights amounting to approximately RMB107,856,000. In addition, the Company entered into one new lease agreement and two amended lease agreements in relation to the lease of certain storage yards and machinery equipment. The lease terms ranged from one year to twelve years. On leases commencement, the Company recognised approximately RMB208,127,000 of right-of-use assets and lease liabilities, and derecognised approximately RMB52,569,000 and RMB58,201,000 of right-of-use assets and lease liabilities for the decrease of space leased, respectively.

For the six months ended 30 June 2023, depreciation of right-of-use assets and other property, plant and equipment during the period was RMB59,473,000 (for the six months ended 30 June 2022: RMB62,802,000).

11. INVESTMENT PROPERTIES

	Terminal facilities RMB'000 (Unaudited)
As at 1 January 2022	
Cost	399,318
Accumulated depreciation	<u>(104,097)</u>
Net book amount	<u><u>295,221</u></u>
Year ended 31 December 2022	
Opening net book amount	295,221
Depreciation	<u>(7,775)</u>
Closing net book amount	<u><u>287,446</u></u>
As at 31 December 2022 and 1 January 2023	
Cost	399,318
Accumulated depreciation	<u>(111,872)</u>
Net book amount	<u><u>287,446</u></u>
For the six months ended 30 June 2023	
Opening net book amount	287,446
Depreciation	<u>(3,886)</u>
Closing net book amount	<u><u>283,560</u></u>
As at 30 June 2023	
Cost	399,318
Accumulated depreciation	<u>(115,758)</u>
Net book amount	<u><u>283,560</u></u>

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables		
– Due from related parties	4,531	670
– Due from third parties	11,015	4,628
	<u>15,546</u>	<u>5,298</u>
Less: expected credit loss (“ECL”) allowance of trade receivables	(232)	(104)
	<u>15,314</u>	<u>5,194</u>
Other receivables	161	–
Prepayments	79	312
Value-added tax receivables	15,203	–
	<u>15,443</u>	<u>312</u>
Total trade and other receivables	<u><u>30,757</u></u>	<u><u>5,506</u></u>

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

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
0 – 30 days	13,817	1,999
31 – 60 days	1,225	2,922
61 – 90 days	–	–
Over 90 days	272	273
	<u>15,314</u>	<u>5,194</u>

13. BILLS RECEIVABLES AT FVTOCI

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 3 months	–	1,850
Over 3 months but within 6 months	<u>100</u>	<u>–</u>
	<u>100</u>	<u>1,850</u>

The valuation method and major data of bills receivables of the Company as at 30 June 2023 and 31 December 2022 includes discounted cash flow at a discount rate that reflects the current borrowing rate at the end of the Reporting Period.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables		
– Due to related parties	7,320	751
– Due to third parties	<u>447</u>	<u>5,613</u>
	<u>7,767</u>	<u>6,364</u>

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Other payables		
– Amounts due to related parties	139,199	48,103
– Other tax payables	459	237
– Payroll payables (<i>note</i>)	7,837	10,705
– Retention payable due within one year	7,255	7,232
– Other payables	12,520	7,574
	<u>167,270</u>	<u>73,851</u>
Total trade and other payables	<u>175,037</u>	<u>80,215</u>
Less: Classified as non-current liabilities	<u>(1,277)</u>	<u>(1,981)</u>
Current portion of trade and other payables	<u>173,760</u>	<u>78,234</u>

Note: Included in payroll payables were early retirement benefits for employees of RMB1,663,000 and RMB1,277,000 (31 December 2022: RMB2,017,000 and RMB1,981,000) classified as current and non-current liabilities respectively.

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

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
0 – 30 days	7,678	5,872
31 – 60 days	–	403
61 – 90 days	–	–
Over 90 days	89	89
	<u>7,767</u>	<u>6,364</u>

15. CONTRACT LIABILITIES

	As at 30 June 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
Amounts received in advance		
– Provision of services	<u>3,310</u>	<u>4,702</u>

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 satisfied in prior year.

16. LEASE LIABILITIES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Total minimum lease payments:		
Due within 1 year	31,197	35,410
Due within 1 to 2 years	26,313	24,907
Due within 2 to 5 years	78,016	74,200
Due more than 5 years	<u>584,506</u>	<u>677,177</u>
	720,032	811,694
Less: future lease liabilities finance charges	<u>(345,112)</u>	<u>(579,556)</u>
Present value of lease liabilities	<u>374,920</u>	<u>232,138</u>

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Present value of minimum lease payments:		
Due within 1 year	13,855	14,470
Due within 1 to 2 years	9,524	4,248
Due within 2 to 5 years	30,700	14,052
Due more than 5 years	<u>320,841</u>	<u>199,368</u>
	374,920	232,138
Less: payment due within 1 year (presented under current liabilities)	<u>(13,855)</u>	<u>(14,470)</u>
Payment due after 1 year	<u>361,065</u>	<u>217,668</u>

Note: Included in the above balance, the present value of RMB367,614,000 (31 December 2022: RMB219,550,000), RMB1,776,000 (31 December 2022: RMB1,654,000) and RMB5,530,000 (31 December 2022: RMB10,934,000) with total minimum lease payments of RMB711,552,000 (31 December 2022: RMB798,517,000), RMB2,873,000 (31 December 2022: RMB1,966,000) and RMB5,607,000 (31 December 2022: RMB11,211,000) represent lease liabilities payable to Rizhao Port Group, Rizhao Port Handling and Rizhao Port, respectively.

17. ADVANCE PAYMENTS FROM LEASE CONTRACT

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Lease payments received in advance	16,031	17,219
Less: classified as current liabilities – Advance payments from lease contract	<u>(2,375)</u>	<u>(2,375)</u>
Non-current portion of lease payments	<u>13,656</u>	<u>14,844</u>

18. SHARE CAPITAL

	Domestic shares	H shares	Number of shares	RMB'000 (Unaudited)
Issued and fully paid-up ordinary shares with par value of RMB1 each				
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>840,000,000</u>	<u>820,000,000</u>	<u>1,660,000,000</u>	<u>1,660,000</u>

19. CAPITAL COMMITMENTS

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	<u>1,018,507</u>	<u>623,627</u>

MANAGEMENT DISCUSSION AND ANALYSIS

International and domestic situation

Overall Situation

In the first half of 2023, the resumption of normal economic activities positions the China's economy for a recovery. The foundation for sustained domestic economic recovery and growth remains fragile in the midst of complex conditions in the international political and economic development. During the first half of this year, China's GDP reached RMB59,303.4 billion, representing a year-on-year growth of 5.5%. The total import and export in goods amounted to RMB20,101.6 billion, representing a year-on-year increase of 2.1%.

According to the data released by General Administration of Customs, China's general grain imports increased by 4.5% to 83.40 million tonnes in the first half of this year, accounting for 57% of the total grain imports from the previous year; the cumulative import value reached RMB313.23 billion, representing a year-on-year growth of 15%, of which, soybeans imports amounted to 52.575 million tonnes, representing a year-on-year increase of 13.6%, while maize imports amounted to 12.03 million tonnes, representing a year-on-year decrease of 11.5%. With Brazil's bountiful soybean harvest, and the smooth progress in the planting of the new-season soybean in the United States, the global soybean supply was plentiful, pushing down the international wheat and soybean prices, resulting in favourable import prices for China. The favourable import prices brought about higher import volumes of soybeans, wheat, and barley resulting in notable import growth. (Source: National Bureau of Statistics, General Administration of Customs of the PRC)

Operation of the Port Industry

Port operations and business benefited from the re-opening of China's economy since the beginning of this year. The total cargo throughput of China's ports has reached 8.19 billion tonnes, representing a year-on-year increase of 8%, of which, the cargo throughput for domestic trade increased by 7.6% year on year, while for foreign trade increased by 8.9% year on year. According to statistics from the China Ports & Harbours Association, major port enterprises across the country accumulated a grain throughput of 92.4909 million tonnes, representing a year-on-year decrease of 1.3%, of which, the foreign trade grain throughput reached 53.7620 million tonnes, representing a year-on-year increase of 3.2%. (Source: Ministry of Transport of the PRC)

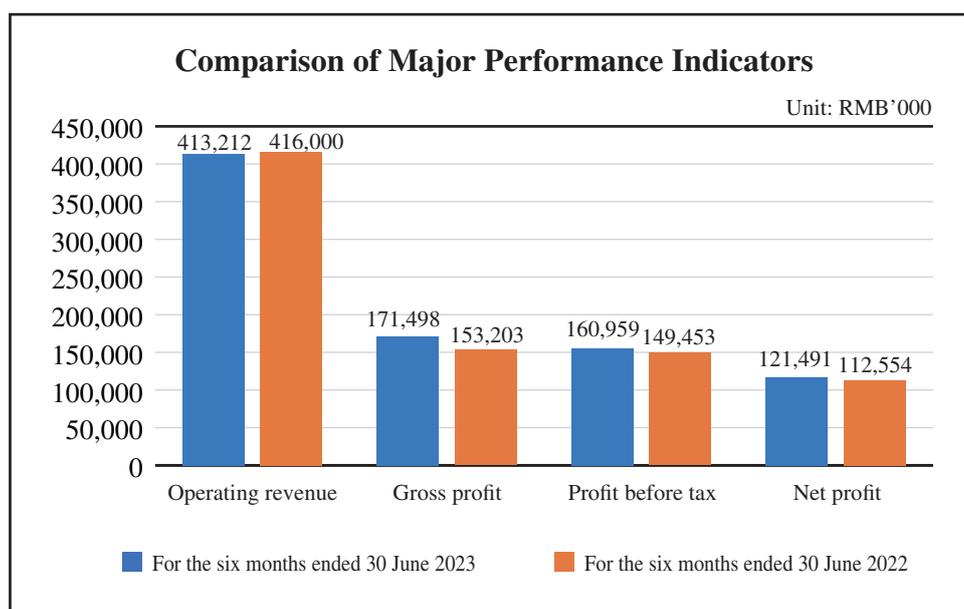
Ports are crucial components within the modern logistics supply chain and serve as powerful engines for propelling the development of hinterland economies. In line with the principles of "three more" and "three satisfaction", Shandong Port Group Co., Ltd. ("**Shandong Port**") and its subsidiaries including the Company expanded its development pattern and field to better serve national strategies and promote high-quality regional economic growth. In the first half of this year, the cargo throughput increased by 7.7% year on year, while container throughput grew by 11.4% year on year. The positive trend continues, as Shandong Port exerts its efforts to promote high-quality development and advance towards becoming a world-class maritime port and enterprise. (Source: Shandong Port)

BUSINESS AND FINANCIAL REVIEW

Overall Review

In the first half of 2023, as integrated reforms continue to advance, the Company remains steadfast in its customer-centric approach. We emphasized the advantages of our high-quality cargo offerings of over ten million tonnes in two key areas. We deepened the “Spring Service” improvement campaign, strengthened the awareness of service for all staff, and enhanced both management efficiency and service quality to consistently elevate customer satisfaction levels. We gathered advantageous resources, and delved deep into the grain business to accelerate the development of port facilities, and create a developmental edge characterized by “large ports, big industry, and expansive hinterlands”. Our objective is to establish leading port logistics capabilities, enhance our overall customer service capacity, and collaboratively build an internationally top-tier, fully integrated, intelligent, and eco-friendly grain demonstration base throughout the entire process.

During the Reporting Period, the Company achieved cargo throughput of 14.59 million tonnes, representing a decrease of 4.7% as compared with the same period in 2022. In terms of different cargo types, the throughput of grain and other cargo recorded an increment as compared with the same period in 2022 while the throughput of woodchips and dried tapioca decreased as compared with the same period last year, and berth leasing remained the same as compared with the same period last year. The Company’s business revenue has remained stable compared to the same period last year, benefiting from the precise implementation of comprehensive budget management and cost reduction measures to enhance efficiency. The Company’s cost control efforts have yielded significant results, leading to steady growth in both profit before tax and net profit. The Company’s major performance indicators remained stable as follows:



During the Reporting Period, the Company achieved an operating revenue of RMB413.212 million, decreased by RMB2.788 million or 0.67% as compared with the same period of 2022.

During the Reporting Period, the Company achieved a gross profit of RMB171.498 million, increased by RMB18.295 million or 11.94% as compared with the same period of 2022.

During the Reporting Period, the Company achieved a profit before income tax of RMB160.959 million, increased by RMB11.506 million or 7.7% as compared with the same period of 2022.

During the Reporting Period, the Company achieved a net profit of RMB121.491 million, increased by RMB8.937 million or 7.94% as compared with the same period of 2022.

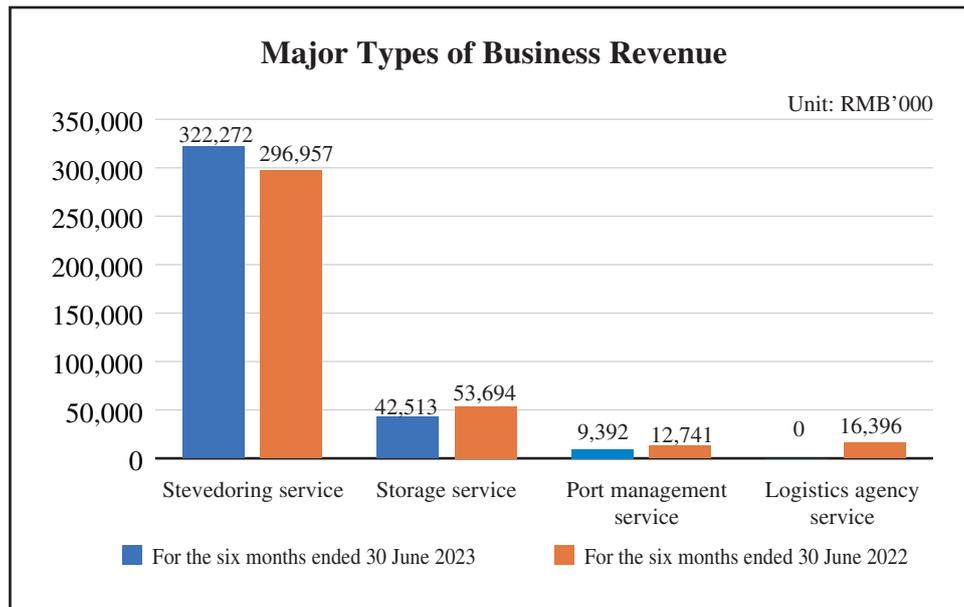
Financial Review

During the Reporting Period, the Company's total revenue decreased by RMB2.788 million or 0.67% as compared with the same period of last year, mainly attributable to a decrease of RMB5.611 million in revenue from contracts with customers and an increase of RMB2.823 million in revenue from property lease.

(1) Total Revenue

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers – Provision of services	374,177	379,788
Rental income from investment properties and certain ports	39,035	36,212
Total Revenue	413,212	416,000

(2) Revenue from contracts with customers by service type



During the Reporting Period, the growth in stevedoring service was mainly attributable to an expansion in the scope of in-port stevedoring subcontracts, which propelled the increase in revenue from stevedoring services, and the greater growth in revenue from grain cargo offset the decreased revenue from woodchips and dried tapioca. Overall, stevedoring business grew 8.5% year-on-year.

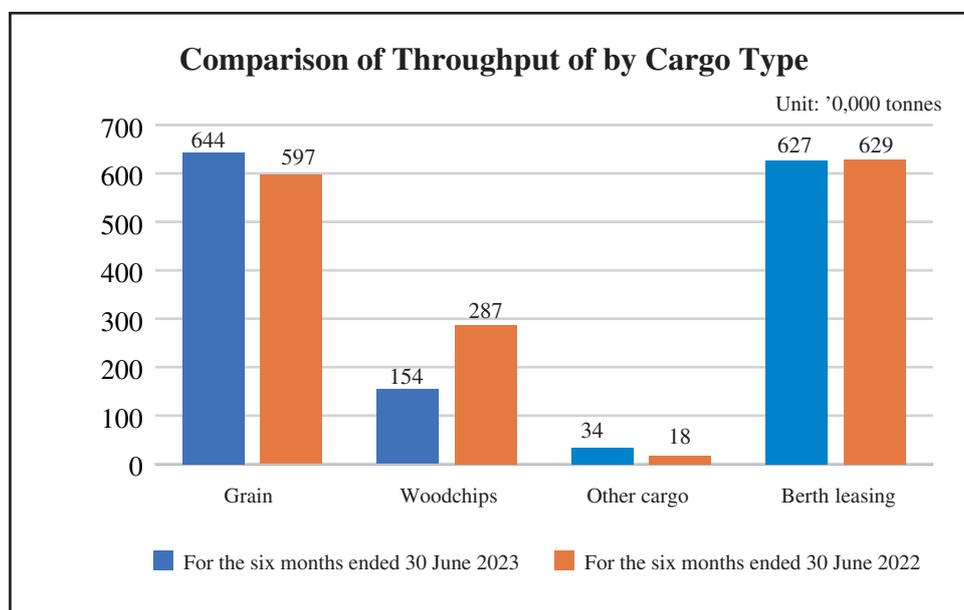
During the Reporting Period, the decrease in revenue from storage service was mainly attributable to an increase in turnover of grain cargo and enhanced port efficiency, which reduced storage time of cargos at the port. During the Reporting Period, port management services decreased year on year, due mainly to the reclassification of certain port management revenue under stevedoring service. The overall revenue remained stable.

During the Reporting Period, the revenue from logistics agency service decreased as compared with the same period of last year, mainly attributable to the cancellation of logistics service by customers.

Throughput segment

Unit: '0,000 tonnes, except percentage

Cargo types	During six months ended 30 June 2023		2022		Change
	Throughput	Proportion	Throughput	Proportion	
Grain	644	44.1%	597	39.0%	7.9%
Woodchips	154	10.6%	287	18.7%	-46.3%
Other cargo	34	2.3%	18	1.2%	88.9%
Berth leasing (Asia Symbol)	627	43.0%	629	41.1%	-0.3%
Total	1,459	100.0%	1,531	100.0%	-4.7%



Grain

In the first half of 2023, China accumulated grain imports amounting to 83.40 million tonnes, representing a year-on-year increase of 4.5% (Source: General Administration of Customs of the PRC), of which, soybeans imports amounted to 52.575 million tonnes, representing a year-on-year increase of 13.6%. The Company, with its excellent and efficient road and railway connectivity, benefited from the improved demand for grains and edible oil located in close proximity to the port. The grain throughput amounted to 6.44 million tonnes, representing a year-on-year increase of 7.9%.

In terms of the mix of grain types, the Company's soybean throughput amounted to 5.66 million tonnes, representing a year-on-year increase of 12.6%. The Company's throughput of maize and other grains amounted to 0.78 million tonnes, a decrease of 0.16 million tonnes as compared with the same period last year. Overall, the total grains throughput achieved a steady growth, and was the main factor of the revenue increase of the Company.

From the analysis of port logistics, the Company seized opportunities for development in both upstream and downstream industries, and enhanced the efficiency of ship stevedoring operations, to ensure accurate tracking of cargo flows and logistics vehicles, expedite the deliveries and the turnaround of silo cargo, enabling it to maintain its leading position in the industry as the primary port for imported grain in the domestic market.

Woodchips

Due to fluctuations in the downstream product market, the core customers reduced their imports of raw materials. The Company handled 1.54 million tonnes in the first half of this year, representing a year-on-year decrease of 46.3%. The reduction in cargo volume led to a decline in the railway shipments of inventory in ports, thereby affecting the Company's stevedoring revenue to some extent.

Other cargo

The Company prioritised the handling of grains over other cargo. A total of 0.34 million tonnes for other minor cargo were handled with a minor impact on the Company's revenue and profitability.

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 Shandong Co., Ltd (亞太森博(山東)漿紙有限公司)("Asia Symbol"), an independent third party engaged in wood pulp production. The business volume of berth leasing was mainly from the import and transfer of woodchips throughput of 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 RMB241.714 million, representing a decrease of RMB21.083 million or 8.02% as compared with RMB262.797 million for the same period of 2022, mainly attributable to the reduction in external fees and labour costs as a result of the Company's cost reduction and efficiency enhancement measures.

Gross Profit

During the Reporting Period, the Company achieved the gross profit of RMB171.498 million, representing an increase of RMB18.295 million or 11.94% as compared with RMB153.203 million for the same period of 2022, mainly attributable to increased gross profit resulted from cost reduction.

Administrative Expenses

During the Reporting Period, the total administrative expenses of the Company amounted to RMB11.287 million, representing an increase of RMB2.994 million or 36.10% as compared with RMB8.293 million for the same period of 2022, mainly attributable to (1) the increase in remuneration costs of management personnel; (2) increase in amortisation of intangible assets due to acquisition of assets.

Other Income

During the Reporting Period, other income of the Company amounted to RMB13.797 million, representing a decrease of RMB3.143 million or 18.55% as compared with RMB16.940 million for the same period of 2022, mainly attributable to the impact of VAT credit: (1) changes in domestic tax policy, which reduced the credit rate from 10 per cent to 5 per cent; (2) large construction-in-progress expenditures this year, which resulted in a higher amount of input tax and a lower payment of value-added tax; (3) gain recognised as a result of a reduction in leased area.

Finance Cost

During the Reporting Period, finance cost of the Company amounted to RMB11.466 million, representing an increase of RMB0.552 million, or 5.06% as compared with RMB10.914 million for the same period of 2022, mainly attributable to the year-on-year increase in the interest of lease liabilities.

Income Tax Expense

During the Reporting Period, the income tax expense of the Company amounted to RMB39.468 million, representing an increase of RMB2.569 million or 6.96% as compared with RMB36.899 million for the same period of 2022, mainly attributable to the increase in the profit before income tax of the Company.

Total Comprehensive Income for the Period

As a result of the foregoing, during the Reporting Period, the total comprehensive income of the Company amounted to RMB121.491 million, representing an increase of RMB8.937 million or 7.94% as compared with RMB112.554 million for the same period of 2022.

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. 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 2023, the Company had cash and cash equivalents of RMB698.765 million (31 December 2022: RMB852.658 million) which were denominated in RMB.

As at 30 June 2023, the Company had no bank borrowings (31 December 2022: Nil).

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 2.95 as at 30 June 2023 (31 December 2022: 7.66).

As at 30 June 2023, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 14.23% (31 December 2022: 9.09%).

During the Reporting Period, the Company's net cash from operating activities amounted to RMB162.498 million (the corresponding period of 2022: RMB214.465 million). The Company's net cash used in investing activities during the Reporting Period amounted to RMB297.781 million (the corresponding period of 2022: net cash from investing activities amounted to: RMB2.521 million). The Company's net cash used in financing activities during the Reporting Period amounted to RMB18.610 million (the corresponding period of 2022: RMB5.563 million).

PLEDGE OF ASSETS

As at 30 June 2023, the Company did not have any pledge of assets (31 December 2022: nil).

CONTINGENT LIABILITIES

As at 30 June 2023, the Company did not have any contingent liabilities (31 December 2022: 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 RMB389.1 million (the corresponding period of 2022: RMB3.5 million).

SIGNIFICANT INVESTMENTS

In order to consolidate and enhance the Company's position in the transshipment and distribution of grain at coastal ports in the PRC, the Company has invested in the construction project of a grain base, which also covers the reconstruction of the West-6 berth, with an investment amount of approximately RMB1,440 million, and is expected to be completed and in use by June 2024.

Save as disclosed above, during the Reporting Period, no significant investment was made by the Company.

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

EVENTS AFTER THE REPORTING PERIOD

There are no material events undertaken by the Company after the Reporting Period to the date of this announcement.

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 2023, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Company had a total of 326 full-time employees, all of whom are based in the PRC (31 December 2022: 335 employees). During the Reporting Period, the employees costs of the Company amounted to RMB37.430 million (the corresponding period of 2022: RMB38.967 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

The current global grains supply and demand continue to be imbalanced for both production and consumption with relative shortage. China's demand for imported grains for its domestic industries, such as grains, edible oil and animal feed, continues its steady growth. International food prices remain elevated and the cost of total end-to-end logistics for the hinterland company customers has increased. As a key coastal port for imported grains, the Company will coordinate safe operation as well as pandemic prevention and control, by adhering to "individual protection, physical protection, and technical protection", provide port service through "fast access to berth, fast unloading and fast delivery and turnaround", through good planning, seamless operations, enhanced handling brand "Jurong efficiency", to facilitate smooth international logistics, and promote a healthy development and growth for the Company.

Therefore, the Company will focus on the following work:

Emphasizing "Spring Service" to enhance service quality and efficiency

Centered on customer satisfaction, we will carry out "Spring Service" to comprehensively enhance the quality of cargo transportation management and customer satisfaction, enhancing the Company's brand recognition. Focusing on customer requirements, we will identify service-related issues in business processes, job roles, and internal communication for continuous service improvement. We will standardize service processes, refine customer service standards, and deploy comprehensive and customised service attributes for our customers.

Prioritizing efficiency and optimizing production organization

We will strengthen communication and coordination with port units to coordinate berth resources, optimize vessel berthing, unloading, and relocation plans, to expedite vessel turnaround and efficiency. Adhering to rigorous planning and execution, we will obtain advanced knowledge of vessel and cargo flows and scientifically arrange unloading and relocation plans while conducting quota management for each operational step. We will focus on cost prevention at source by leveraging owned equipment for operations, increasing direct deliveries to optimise yard and storage capacity and resources.

Emphasizing technological innovation and accelerating digital transformation

We will infuse technological innovation in the design and construction of Rizhao Port Grain Base to establish an integrated smart operation and control center covering all business processes and scenarios, for an upgraded approach to our grain storage and transportation handling. Continued effort will be poured into research and development in ten major innovation issues, including "one-click unmanned clearing of silos", and an "intelligent grain storage control and transportation system" with the end goal of achieving full process and operations automation.

USE OF NET PROCEEDS FROM THE LISTING

The Company was listed on the Stock Exchange on 19 June 2019 by way of a global offering, under which a total of 460,000,000 H shares (including H shares issued upon full exercise of the over-allotment option) were issued at an offer price HK\$1.50 per share, raising a total net proceeds of RMB546.414 million after deducting professional fees, underwriting commissions and other related listing expenses (the “**IPO Proceeds**”).

As set out in the prospectus of the Company dated 31 May 2019 (the “**Prospectus**”), the Company had planned to use the IPO Proceeds. As at 30 June 2023, the Company had used approximately RMB382.49 million for the acquisition of West-6 berth; approximately RMB15.209 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 2022 <i>RMB'000,000</i>	Unutilised amount as at 31 December 2022 <i>RMB'000,000</i>	Utilised amount during the Reporting Period <i>RMB'000,000</i>	Unutilised amount as at 30 June 2023 <i>RMB'000,000</i>	Expected timeline for utilising the remaining IPO Proceeds ^(Note)
Acquisition of West-6 berth	382.49	0	0	0	–
Procurement of equipment and machinery	7.615	101.667	7.594	94.073	Expected to be fully utilised on or before 31 December 2023
Working capital and general corporate use	54.641	0	0	0	–
Total	<u>444.746</u>	<u>101.667</u>	<u>7.594</u>	<u>94.073</u>	

Note: In accordance with the schedule for the construction of the grain base, the Company is currently undergoing reconstruction on West-6 berth to ensure the smooth operation of the Rizhao Port Grain Base Project. It is anticipated that by early June 2024, the West-6 berth will possess initial grain stevedoring capabilities.

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

CORPORATE GOVERNANCE

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

The Company has complied with the relevant requirements of the applicable code provisions of the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company 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 2023.

By Order of the Board
Rizhao Port Jurong Co., Ltd.
Cui Liang
Chairman

Rizhao, the PRC, 31 August 2023

As at the date of this announcement, the Board comprises Mr. Cui Liang as Chairman and non-executive Director; Mr. Qin Yuning as the executive Director; Mr. Seow Kok Leong Terence, Mr. Nyan Ming Ren Francis, Mr. Fang Lei and Mr. Chen Lei as non-executive Directors; and Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin as independent non-executive Directors.