



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

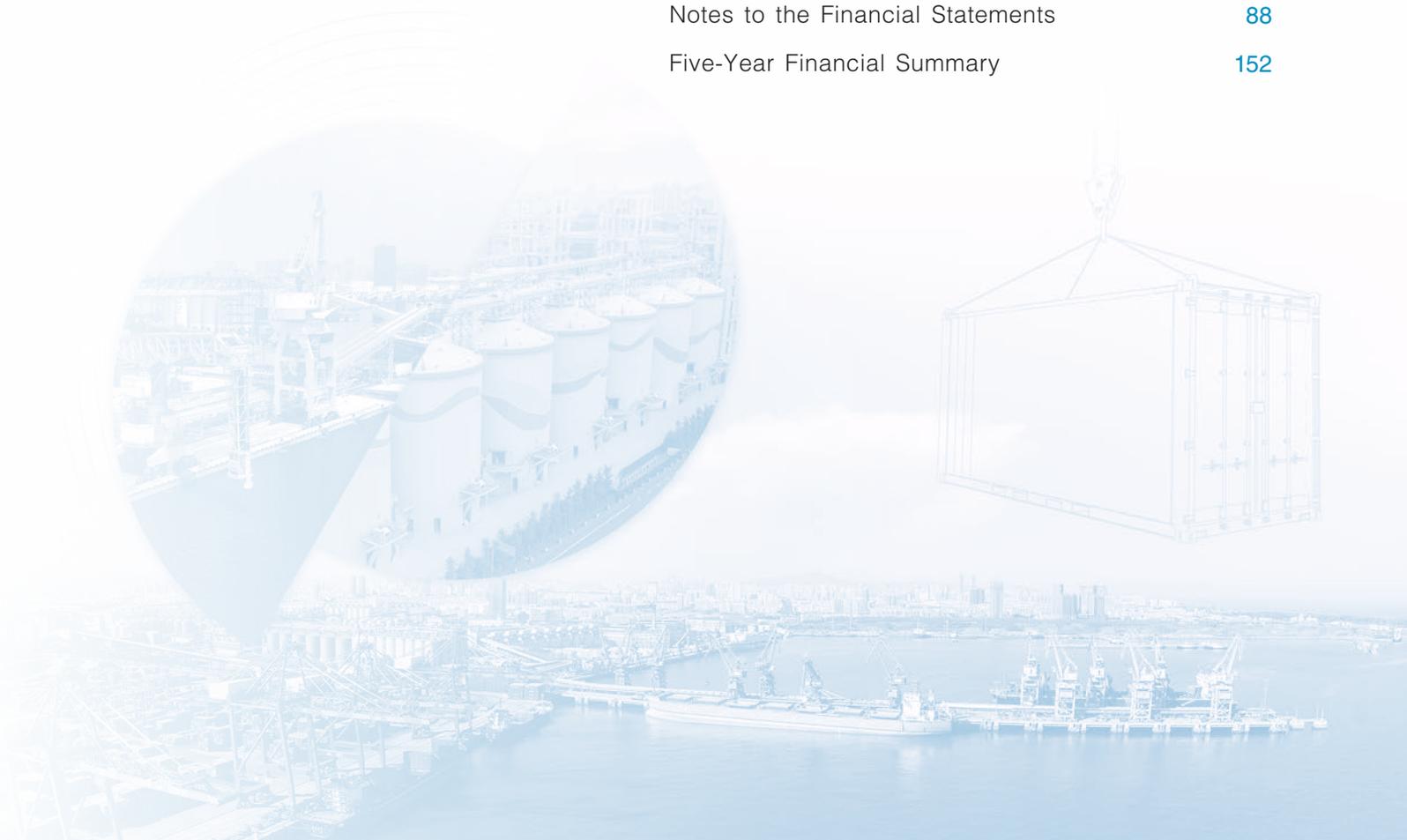


2024 ANNUAL REPORT



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Corporate Information



COMPANY NAME (IN CHINESE)

日照港裕廊股份有限公司

COMPANY NAME (IN ENGLISH)

RIZHAO PORT JURONG CO., LTD.

LEGAL REPRESENTATIVE

Mr. Zhou Tao

REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LISTING DATE

19 June 2019

PLACE OF LISTING

Main Board of The Stock Exchange 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 DIRECTORS

Mr. Qin Yuning (*resigned on 28 May 2024*)
Mr. Chen Zhou (*appointed on 28 May 2024*)

NON-EXECUTIVE DIRECTORS

Mr. Cui Liang (*Chairman*) (*resigned on 28 May 2024*)
Mr. Zhou Tao (*Chairman*) (*appointed on 28 May 2024*)
Mr. Seow Kok Leong Terence
Mr. Nyan Ming Ren Francis
(*resigned on 31 December 2024*)
Ms. Tien Siew Wan (*appointed on 18 February 2025*)
Mr. Fang Lei
Mr. Chen Lei (*resigned on 28 May 2024*)
Ms. Liu Rong (*appointed on 28 May 2024*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUPERVISORY COMMITTEE

Mr. Gao Zhiyuan (*Chairman*)
(retired on 19 November 2024)
Mr. Cui Guanghui (*Chairman*)
(appointed on 19 November 2024)
Mr. Li Weiqing (*resigned on 28 May 2024*)
Ms. Feng Hui (*appointed on 28 May 2024*)
Mr. Tham Wai Kong

JOINT COMPANY SECRETARIES

Mr. Zheng Shiqiang (*resigned on 21 January 2025*)
Mr. Gao Zhiyuan (*appointed on 21 January 2025*)
Ms. Ho Yin Kwan (*resigned on 28 June 2024*)
Ms. Yung Mei Yee (*appointed on 28 June 2024*)

AUTHORISED REPRESENTATIVES

Mr. Qin Yuning (*resigned on 28 May 2024*)
Mr. Chen Zhou (*appointed on 28 May 2024*)
Ms. Ho Yin Kwan (*resigned on 28 June 2024*)
Ms. Yung Mei Yee (*appointed on 28 June 2024*)

AUDIT COMMITTEE

Mr. Lee Man Tai (*Chairman*)
Mr. Zhang Zixue
Mr. Chen Lei (*resigned on 28 May 2024*)
Ms. Liu Rong (*appointed on 28 May 2024*)

REMUNERATION COMMITTEE

Mr. Zhang Zixue (*Chairman*)
Mr. Wu Xibin
Mr. Fang Lei

NOMINATION COMMITTEE

Mr. Cui Liang (*Chairman*) (*resigned on 28 May 2024*)
Mr. Zhou Tao (*Chairman*) (*appointed on 28 May 2024*)
Mr. Lee Man Tai
Mr. Zhang Zixue
Mr. Wu Xibin
Mr. Seow Kok Leong Terence

AUDITOR

Grant Thornton Hong Kong Limited

LEGAL ADVISERS

(1) As to Hong Kong laws:

Jun He Law Offices

(2) As to PRC laws:

JunHe LLP

H SHARE REGISTRAR IN HONG KONG

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

PRINCIPAL BANKER

Agricultural Bank of China Rizhao Branch

Definitions

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

“AGM”	the 2024 annual general meeting or any adjournment thereof of the Company to be convened at 10:00 a.m. on Tuesday, 20 May 2025 at Office Building of Rizhao Port Jurong Co., Ltd.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Asia Symbol”	Asia Symbol Shandong Co., Ltd. (亞太森博山東漿紙有限公司)
“Audit Committee”	the audit committee of the Company
“Board”	board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
“China” or “PRC”	People’s Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau Special Administrative Region and Taiwan
“Company”, “we”	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, listed on the Main Board of the Stock Exchange and traded in HK\$
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	an individual or a company which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Jurong Port”	Jurong Port Pte Ltd
“Jurong Port Holding”	Jurong Port Rizhao Holding Pte Ltd
“Listing Date”	19 June 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

Definitions (Continued)

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	the prospectus of the Company dated 31 May 2019
“Qingdao Port Group”	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司)
“Qingdao Port International”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司)
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the financial year ended 31 December 2024
“Rizhao Port”	Rizhao Port Co., Ltd. (日照港股份有限公司)
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd. (山東港口日照港集團有限公司)
“Rizhao Port Lanshan”	Rizhao Port Lanshan Port Services Co., Ltd.* (日照港股份嵐山港務有限公司)
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“SDP Logistics Group”	Shandong Port Luhai International Logistics Group Co., Ltd.* (山東港口陸海國際物流集團有限公司)
“SDP Shanghai Property”	SDP Park Management (Rizhao) Co., Ltd.* (山港園區管理(日照)有限公司) (formerly known as SDP Shanghai Property (Rizhao) Co., Ltd.* (山港山海物業(日照)有限公司)), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group
“SDP Shipping Group”	Shandong Ocean Shipping Group Co., Ltd.* (山東遠洋海運集團股份有限公司) (formerly known as Shandong Port Shipping Group Co., Ltd.* (山東港口航運集團有限公司))
“SDP Technology Group”	Shandong Port Technology Group Co., Ltd.* (山東港口科技集團有限公司)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (as amended from time to time)
“Shandong Gangwan”	Shandong Gangwan Construction Group Co., Ltd. (山東港灣建設集團有限公司)
“Shandong Port Finance Group”	Shandong Port Investment Holding Co., Ltd.* (山東港口投資控股有限公司), previously known as Shandong Port Finance Holding Co., Ltd.* (山東港口金融控股有限公司)
“Shandong Port Group”	Shandong Port Group Co., Ltd. (山東省港口集團有限公司)

Definitions (Continued)

"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
"SPG Finance"	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司), previously known as Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

* *Unofficial English translation denotes for identification purposes only*



Chairman's Statement

Dear Shareholders,

On behalf of the Board of the Company, I hereby present to you the annual report of the Company for the year ended 31 December 2024.

In the past year, 2024, the global economic situation was complex, and industry competition became increasingly intense. In such a challenging environment, the Company has remained steadfast in its beliefs and committed to continuous effort, moving forward steadily and achieving a series of remarkable accomplishments. On behalf of the Board, I would like to express our sincerest gratitude and highest respect to all the shareholders who have consistently trusted and supported us, to our partners who have worked hand in hand with us, and to all employees who have dedicated their hard work to the development of the Company!

In 2024, the Company recorded the operating revenue of RMB847 million, an increase of RMB21.67 million compared to the same period in 2023, representing an increase of 2.62%. Gross profit amounted to RMB335 million, an increase of RMB13.55 million compared to the same period in 2023, representing an increase of 4.22%. Profit before tax was RMB275 million, a decrease of RMB16.32 million compared to the same period in 2023, representing a decrease of 5.59%. Net profit reached RMB206 million, a decrease of RMB12.21 million compared to the same period in 2023, representing a decrease of 5.6%. The Company's operating results have remained stable overall, and it has maintained good developmental resilience and growth in a complex and volatile market environment.

Leveraging the strong advantages of Shandong Port Group's integrated reform and development, the Company has consistently adhered to a customer-centric concept. The Company has actively seized market opportunities and advanced the "spring service" enhancement initiative. By comprehensively optimizing production and organizational processes, the Company has continuously expanded the growth potential of grain business. This demonstrates the Company's positive momentum and ability to steadily move forward and achieve even greater success in a complex market environment. The Company registered a cargo throughput of 28.78 million tonnes, remaining stable compared to 2023, of which, the total throughput of grains achieved 11.78 million tonnes, representing a year-on-year increase of 1.3%, grain throughput has exceeded 10 million tonnes for five consecutive years.

Supported by a robust capital structure and efficient financial management, the Company has accelerated the construction of the Rizhao Port Grain Base project. The newly built 41 grain silos, with a total storage capacity of 496,000 tonnes, are expected to be operational by 2025, significantly enhancing port facility capabilities. The Company is fully integrating into the Chinese national grain reserve layout and its contribution to the industrial chain, further strengthening its core competitive advantages. By the end of the year, the Company's total assets were RMB3.54 billion, representing a year-on-year increase of 7.15%, while net asset value reached RMB2.901 billion, representing a year-on-year increase of 6.1%. The debt-to-equity ratio remained at a low level, and capital turnover efficiency continued to improve steadily.

The Company has deepened its comprehensive quality management initiatives. The Excellence Performance Model was fully implemented, earning the National Quality Award in the transportation industry, with the Company's process team recognized as a National Five-Star on-site in the sector. Simultaneously, we uphold the values of "integrity, responsibility, hard work, and innovation", established a "four-dimensional" cost control system anchored by comprehensive budget management, integrated the concept of cost reduction and efficiency enhancement into our daily work, optimised various operating costs, suppressed and reduced non-productive expenditures, and improved the efficiency of capital use through scientific planning, thus creating a favourable atmosphere of strict frugality and anti-waste.

Chairman's Statement (Continued)

Looking ahead to 2025, the Company will continue to consolidate and enhance its core competitive advantages in the grain industry, focusing on its primary responsibilities of port services. By leveraging the operational launch of the Rizhao Port Grain Base, we will drive revenue growth and create shared value. With structural optimization as the cornerstone, we will advance three strategic transformations of "operation mode, digital intelligence empowerment and lean management". Prioritizing both symptom relief and root-cause solutions, we will fortify safety as our bottom line. Supported by technological innovation, we will develop smart digital platforms to further strengthen our leadership in grain logistics and spearhead high-quality development of grain business.

Rizhao Port Jurong Co., Ltd.

Chairman

Zhou Tao

28 March 2025

Financial Highlights

for the year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	Change %
Summary of Statement of Profit or Loss			
Operating revenue	847,478	825,808	2.62
Gross profit	334,594	321,040	4.22
Operating profit	275,523	291,840	(5.59)
Net profit attributable to shareholders of the parent company	206,038	218,252	(5.60)
Basic earnings per share (<i>RMB cents</i>)	12.41	13.15	(5.63)
Summary of Statement of Financial Position			
Cash and cash equivalents	408,067	608,747	(32.97)
Net current assets	198,462	417,736	(52.49)
Total assets	3,536,673	3,300,604	7.15
Lease liabilities	333,317	330,257	0.93
Gearing ratio (%)	11.49	12.08	(4.88)
Net assets per share (<i>RMB</i>)	1.75	1.65	6.06
Return on net assets (%)	7.10	7.98	(11.03)
Summary of Statement of Cash Flows			
Net cash flow from operating activities	304,182	326,470	(6.83)
Net cash flow used in investing activities	(450,534)	(491,332)	(8.30)
Net cash flow used in financing activities	(54,328)	(79,049)	(31.27)
Net decrease in cash and cash equivalents	(200,680)	(243,911)	(17.72)

Management Discussion and Analysis

INTERNATIONAL AND DOMESTIC SITUATION

Overall Situation

In 2024, China's economy was generally stable, with steady growth, solid progress in high-quality development, steady expansion of new productive forces, continued deepening of reform and opening up, orderly and effective risk mitigation in key areas, solid and effective protection of people's livelihood, and new and solid steps towards Chinese-style modernisation. China's GDP in 2024 was RMB134,908.4 billion, representing an increase of 5.0% over the previous year. Its total import and export of goods for 2024 was RMB43,846.8 billion, representing an increase of 5.0% over the previous year and the trade surplus was RMB7,062.3 billion. (Source: National Bureau of Statistics of China, General Administration of Customs of China)

As per General Administration of Customs of the PRC, in 2024, the cumulative import of grain for the whole year was 157.53 million tons, representing a year-on-year decrease of 2.3% and the total annual import value was RMB490.81393 billion, representing a year-on-year decrease of 14.5%. Among these, soybean imports hit a record high of 105.03 million tons, accounting for 66.7% of total grain imports; cumulative imports of maize for the year totalled 13.64 million tons, representing a year-on-year decrease of 49.7%; and cumulative imports of wheat for the year totalled 11.18 million tons, representing a year-on-year decrease of 7.6%. Overall, imports of soybeans, barley and sorghum increased year-on-year, while imports of maize, wheat and rice decreased. (Source: General Administration of Customs of the PRC)

Operation of the Port Industry

In 2024, China's port cargo throughput achieved steady growth, mainly due to the overall stable and progressive macroeconomic operation, the resumption of growth in investment and consumption, and the total import and export volume of goods hitting a record high. China's coastal ports completed a total cargo throughput of 17.6 billion tonnes for 2024, representing an increase of 3.7% over the previous year. In 2024, China's major port enterprises completed a total grain throughput of 178.3878 million tonnes, representing a year-on-year increase of 2.4%, of which a total of 95.3852 million tonnes of foreign trade grain throughput was completed, representing a year-on-year decrease of 4.9%, which remained generally stable. (Source: National Bureau of Statistics of China and China Ports & Harbours Association)

Ports are foundational and pivotal facilities that play a crucial role in economic development. The Belt and Road Initiative, the Regional Comprehensive Economic Partnership (RCEP), and major national strategies for the Yellow River have been extensively promoted. Policy initiatives such as the Shanghai Cooperation Organisation Demonstration Zone, Shandong Free Trade Zone, and Green Low-Carbon High-Quality Development Pilot Zone continue to be launched. In particular, the province's economic development has improved in quality and is highly resilient, providing sufficient momentum for the port to increase throughput and efficiency. Relying on superior policy empowerment and geographical advantages, Shandong Port Group Co., Ltd., the controlling shareholder of the Company, achieved cargo throughput of over 1.8 billion tonnes and container throughput of over 44 million TEUs in 2024, greatly contributing to the annual cargo throughput of Shandong coastal ports to exceed 2 billion tonnes and maintain the first place among China's coastal provinces for three consecutive years. (Source: People's Government of Shandong and Shandong Port Group)

BUSINESS AND FINANCIAL REVIEW

Overall Review

In 2024, leveraging the integrated reform and development platform of Shandong Port Group, the Company fully integrated into the national grain industry layout and industrial chain construction. The grain industry maintained a relatively rapid growth, exceeding 10 million tonnes for five consecutive years. The Company continued to maintain its leading position for soybean imports in China, answering the call for high-quality development in the grain business with real performance.

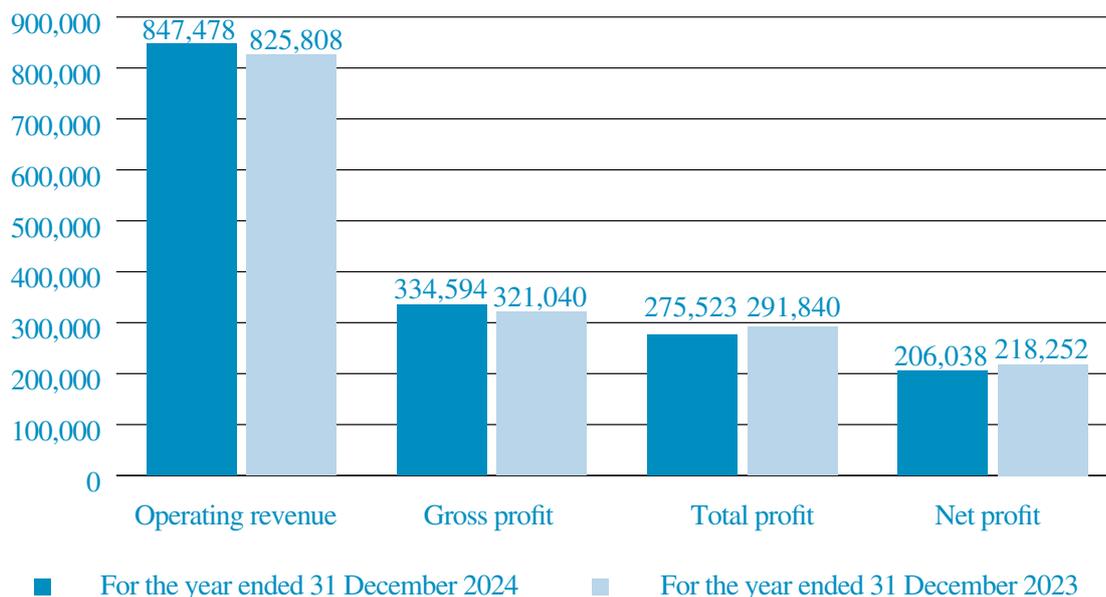
The Company has embarked on further developments to solidify its core grain business with construction of cement silos with a storage capacity of 496,000 tonnes at West-6 berth (the “**Rizhao Port Grain Base**”), which will be put into operation in 2025. Focusing on lean management, the Company deeply implemented the excellent performance model, winning the national quality award in the transportation industry and the national 5-star site award in the transportation industry during the Reporting Period.

During the Reporting Period, the Company achieved cargo throughput of 28.78 million tonnes, representing a decrease of 0.4% compared to the same period in 2023. In terms of the distribution of various types of cargoes, in comparison to 2023, throughput of grain recorded an increase while woodchips and other cargoes recorded a decline, and berth leasing recorded an increase. The Company’s business revenue maintained growth compared to the same period in 2023, while profit before tax and net profit decreased due to the increase in costs and expenses.

Management Discussion and Analysis (Continued)

Comparison of Major Performance Indicators

Unit: RMB'000



During the Reporting Period, the Company achieved an operating revenue of RMB847.478 million, an increase of RMB21.670 million or 2.62% compared to the same period in 2023.

During the Reporting Period, the Company achieved a gross profit of RMB334.594 million, an increase of RMB13.554 million or 4.22% compared to the same period in 2023.

During the Reporting Period, the Company achieved a profit before income tax of RMB275.523 million, a decrease of RMB16.317 million or 5.59% compared to the same period in 2023.

During the Reporting Period, the Company achieved a net profit of RMB206.038 million, a decrease of RMB12.214 million or 5.60% compared to the same period in 2023.

Management Discussion and Analysis (Continued)

Financial Review

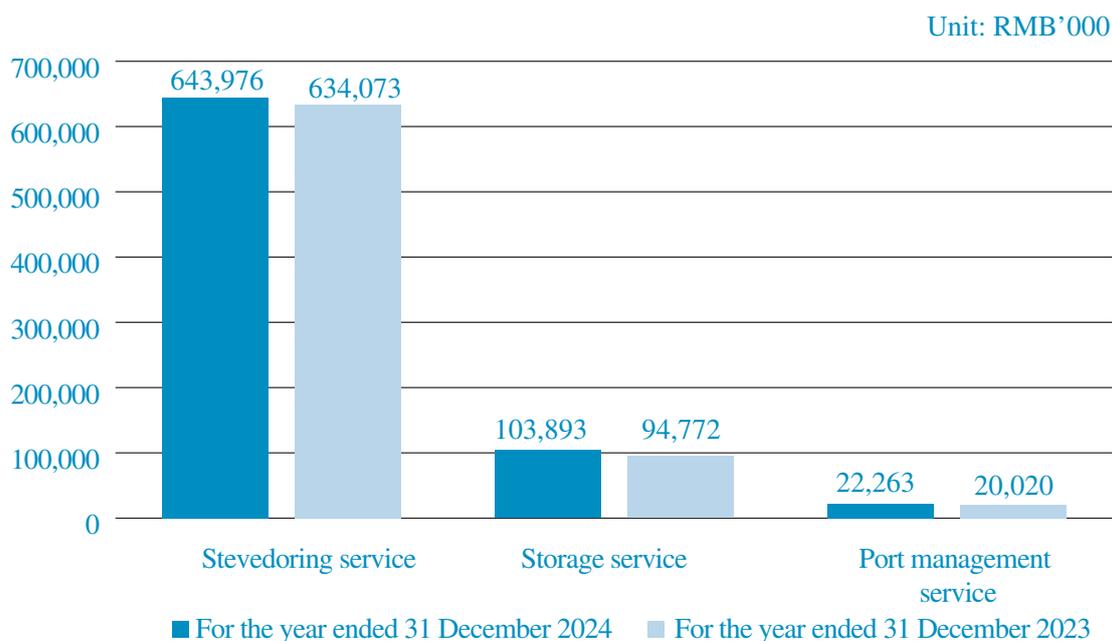
During the Reporting Period, the Company's total revenue increased by RMB21.670 million or 2.62% compared to the same period last year. This was mainly attributable to an increase of RMB21.267 million in revenue from contracts with customers.

(1) Total revenue

	For the year ended 31 December		Change during the period	
	2024 RMB'000	2023 RMB'000	Change in amount RMB'000	Percentage of change
Revenue from contracts with customers	770,132	748,865	21,267	2.8%
Rental income from investment properties	77,346	76,943	403	0.5%
Total revenue	847,478	825,808	21,670	2.62%

(2) Revenue from contracts with customers by service type

Major Types of Business Revenue



Management Discussion and Analysis (Continued)

(2) Revenue from contracts with customers by service type

	For the year ended 31 December			
	2024 RMB'000	2023 RMB'000	Change during the period Change in amount RMB'000	Percentage change
Stevedoring service	643,976	634,073	9,903	1.6%
Storage service	103,893	94,772	9,121	9.6%
Port management service	22,263	20,020	2,243	11.2%
Total	770,132	748,865	21,267	2.8%

During the Reporting Period, growth in stevedoring service mainly attributable to an expansion in the scope of in-port stevedoring subcontracts drove the increase in revenue from stevedoring services. Stevedoring business showed a stable growth trend, with a year-on-year increase of 1.6%.

During the Reporting Period, revenue from storage service experienced an increase of 9.6% compared to the same period last year, such increase was mainly due to the extension of the average cargo storage period.

During the Reporting Period, port management services experienced an increase of 11.2% compared to the same period last year mainly due to an increase in the number of ships and berth times, overall revenue remained a stable growth.

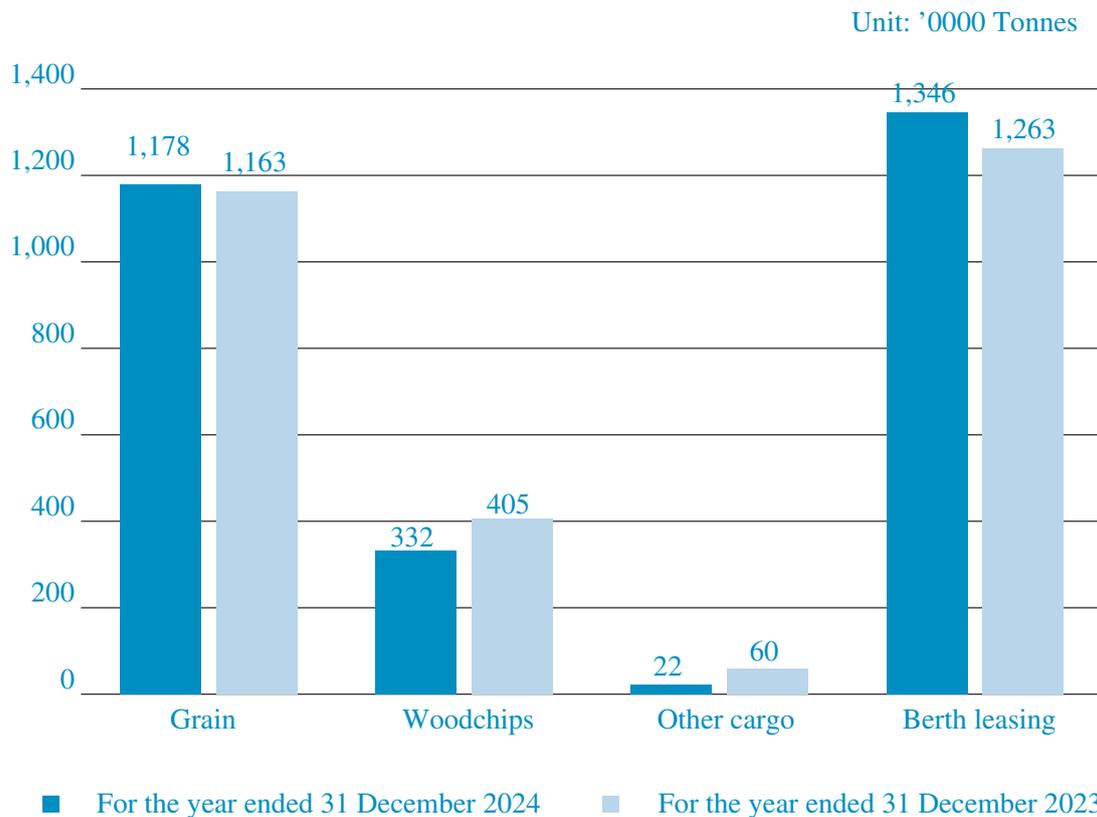
Throughput

Unit: '0000 tonnes, except percentage

Cargo type	2024		2023		Change
	Throughput	Proportion	Throughput	Proportion	
Grain	1,178	40.9%	1,163	40.2%	1.3%
Woodchips	332	11.5%	405	14.0%	(18.0%)
Other cargo	22	0.8%	60	2.1%	(63.3%)
Berth leasing (Asia Symbol)	1,346	46.8%	1,263	43.7%	6.6%
Total	2,878	100.0%	2,891	100.0%	(0.4%)

(2) Revenue from contracts with customers by service type

Comparison of Throughput by Cargo Type



Grain

In 2024, China's accumulated grain imports amounted to 157.53 million tonnes, representing a year-on-year decrease of 2.3% (Source: General Administration of Customs of the PRC), of which, soybeans imports amounted to 105.03 million tonnes, representing a year-on-year increase of 6.5% and accounting for approximately 66.7% of the total imported grains. With stable demand for grains and edible oil industry, proximity to the port, and efficient road and rail transportation, the Company's throughput of grains has grown steadily and amounted to 11.78 million tonnes, representing a year-on-year increase of 1.3%.

Analysis from the structure of grain goods, the Company's soybean throughput amounted to 10.67 million tonnes, representing a year-on-year increase of 5.75%. The Company's throughput of maize and other grains amounted to 1.11 million tonnes, a decrease of 0.43 million tonnes compared to the same period last year. Overall, the total throughput of grains achieved steady growth, compensating for the decrease in revenue from the decline in woodchips.

Management Discussion and Analysis (Continued)

(2) Revenue from contracts with customers by service type

Woodchips

Core customers have reduced their imports of raw materials due to fluctuations in the downstream product market, and this has had an impact on the Company's revenue. The Company handled 3.32 million tonnes in 2024, representing a year-on-year decrease of 18%.

Other cargo

With the capacity of existing berths and storage facilities, the Company prioritised the handling of grains over other cargo. At the present stage, there is no more room for handling other small cargoes and an annual unloading capacity of 220,000 tonnes for other small cargoes were handled with minimal impact on the Company's revenue and profitability.

Berth leasing

The Company signed 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. Throughput arising from berth leasing was mainly from the import and transfer of woodchips 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.

(3) Cost of sales

During the Reporting Period, the cost of sales of the Company amounted to RMB512.884 million, an increase of RMB8.116 million or 1.61% from RMB504.768 million for the same period in 2023, due to the increase in subcontracting charges.

(4) Gross profit

During the Reporting Period, the Company achieved a gross profit of RMB334.594 million, an increase of RMB13.554 million or 4.22% from RMB321.040 million for the same period in 2023 due to an increase in revenue from stevedoring and storage service.

(5) Administrative expenses

During the Reporting Period, the total administrative expenses of the Company amounted to RMB29.911 million, an increase of RMB4.211 million or 16.39% from RMB25.700 million for the same period in 2023 due to an increase in research and development expense.

Management Discussion and Analysis (Continued)

Other income

During the Reporting Period, other income of the Company amounted to RMB7.819 million, a decrease of RMB3.829 million or 32.87% from RMB11.648 million for the same period in 2023 due to a decrease in the interest income as a result of lower interest rate.

Finance costs

During the Reporting Period, finance costs of the Company amounted to RMB18.371 million, a decrease of RMB2.287 million or 11.07% from RMB20.658 million for the same period in 2023 due to modification of certain storage yards leases during the year 2023.

Income tax expense

During the Reporting Period, the income tax expense of the Company amounted to RMB69.485 million, a decrease of RMB4.103 million or 5.58% from RMB73.588 million for the same period in 2023 due to a decrease in profit before tax of the Company.

Total comprehensive income for the period

Due to the foresaid reasons, the total comprehensive income of the Company during the Reporting Period was RMB206.038 million, a decrease of RMB12.214 million or 5.60% from RMB218.252 million for the same period in 2023.

LIQUIDITY AND CAPITAL RESOURCES

The Company adopts a prudent treasury management policy to maintain a healthy financial position. The Company monitors its cash flows and cash balance on a regular basis and strives to maintain an optimum liquidity that meets 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 meet its capital expenditure needs.

As at 31 December 2024, the Company had cash and cash equivalents of RMB408.067 million (2023: RMB608.747 million) denominated in RMB.

As at 31 December 2024, the Company had no bank borrowings (2023: Nil).

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 1.64 (2023: 2.81) as at 31 December 2024.

As at 31 December 2024, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 11.49% (2023: 12.08%).

Management Discussion and Analysis (Continued)

During the Reporting Period, the Company's net cash from operating activities amounted to RMB304.182 million (the corresponding period of 2023: RMB326.470 million). The Company's net cash used in investing activities during the Reporting Period amounted to RMB450.534 million (the corresponding period of 2023: RMB491.332 million). The Company's net cash used in financing activities during the Reporting Period amounted to RMB54.328 million (the corresponding period of 2023: RMB79.049 million).

PLEDGE OF ASSETS

As at 31 December 2024, the Company did not have any pledge of assets (2023: Nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Company did not have any contingent liabilities (2023: 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 RMB404.405 million (the corresponding period of 2023: RMB535.767 million).

SIGNIFICANT INVESTMENTS

In order to consolidate and enhance the Company's position as a grain transshipment and distribution hub among China's coastal ports, the Company invested in the construction of the Rizhao Port Grain Base, covering reconstruction of West-6 berth with an investment amount of approximately RMB1.44 billion which is expected to be put into operation in 2025.

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

MATERIAL ACQUISITIONS AND DISPOSAL

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Company had no plans authorised by the Board for material investments or additions of capital assets as at the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Continuing Connected Transaction and Major Transaction – Financial Service Framework Agreement

On 10 December 2024, the Company entered into the financial service framework agreement (the “**Financial Service Framework Agreement**”) with SPG Finance for a term commencing on the date of the conclusion of the extraordinary general meeting of the Company held on 21 January 2025 and ending on 31 December 2027. An extraordinary general meeting of the Company was convened on 21 January 2025 and the resolution to approve the continuing connected transaction contemplated under the Financial Service Framework Agreement and the proposed annual caps was duly passed as an ordinary resolution at the meeting. For details, please refer to the announcements of the Company dated 10 December 2024 and 21 January 2025 and the circular of the Company dated 31 December 2024, respectively.

Continuing Connected Transactions – Property Lease (Procurement) Framework Agreement and General Service (Procurement) Framework Agreement

On 13 December 2024, the Company entered into the property lease (procurement) framework agreement and the general service (procurement) framework agreement (the “**Agreements**”) with Rizhao Port Group both for a term commencing on the date of the conclusion of the extraordinary general meeting of the Company held on 18 February 2025 and ending on 31 December 2027. An extraordinary general meeting of the Company was convened on 18 February 2025 and the resolutions to approve the continuing connected transactions contemplated under the Agreements and the proposed annual caps were duly passed as ordinary resolutions at the meeting. For details, please refer to the announcements of the Company dated 13 December 2024, 31 December 2024 and 18 February 2025 and the circular of the Company dated 23 January 2025, respectively.

Connected Transaction – Construction Contract

On 28 March 2025, the Company entered into the construction contract with Shandong Port Technology Group Rizhao Co., Ltd. (山東港口科技集團日照有限公司) (“**SDP Technology Rizhao**”), pursuant to which the Company agreed to engage SDP Technology Rizhao as the contractor for the project of digital and intelligent integration and enhancement of the grain storage and transportation systems already constructed, as well as the Rizhao Port Grain Base currently under construction in Shijiu port area in Rizhao port. The contract price is RMB16,451,364.79 and the construction period is 360 calendar days. For details, please refer to the announcement of the Company dated 28 March 2025.

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

Management Discussion and Analysis (Continued)

FOREIGN EXCHANGE RISK MANAGEMENT

The operations of the Company are mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses of the Company are denominated in or settled in RMB, while liabilities denominated in foreign currencies are mainly used to pay overseas agency fees. As such, the Company considers there is no material foreign exchange exposure. As at 31 December 2024, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Company had a total of 296 full-time employees, all of whom are based in the PRC (2023: 341 employees). During the Reporting Period, the employees costs of the Company amounted to RMB84.589 million (2023: RMB84.590 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 roles.

FUTURE PROSPECTS

In 2025, the Company will seize the favourable opportunities brought by the commissioning of the Rizhao Port Grain Base, continuously enhance its hardware capabilities, anchor its efforts in smart projects through digital empowerment, and establish a specialised management team for the grain industry while building an industry-leading intelligent platform for grain terminals.

The Company intends to focus on:

- (I) Seizing the opportunity of the commissioning of the Rizhao Port Grain Base to drive revenue and efficiency. The Company will intensify its efforts in cargo sourcing. By expanding its network within the grain industry, the Company will leverage the opportunities presented by the commissioning of the Rizhao Port Grain Base to increase capacity and drive cargo growth; develop new customers for woodchips to reduce reliance on a single client and continuously enrich the cargo structure. Furthermore, the Company will actively develop small grain varieties such as sorghum and peas, creating a diversified portfolio of grain products. It will also utilize its maize transit qualification resource, researching usage models to provide foreign maize trade services to small and medium-sized maize processing enterprises.
- (II) Structural optimisation to drive three transformations. The Company will promote a transformation in operational models by amplifying the procedural advantages of the Rizhao Port Grain Base and breaking conventional thinking patterns to transition from traditional operational models to process-oriented ones. The Company will drive a transformation through digital empowerment by implementing smart production scheduling and remote control information projects, aiming for automation at operational sites and intelligent equipment operation, ensuring comprehensive smart coverage in unloading, cleaning, and port departure processes. Additionally, the Company will promote a lean management transformation by enforcing a strict comprehensive budget management system, putting “finance and cost” in front of each other, and establishing a cost control model to promote the transition from “post-event” accounting to “pre-event” accounting, enable one-click cost calculation per vessel, and create an operational model that is “communication-minimal, efficiency-maximal, and cost-effective”.
- (III) Addressing problems in terms of both symptoms and root causes to support the safety. The Company will enhance safety awareness by utilizing various channels, including WeChat official accounts, to regularly publish typical accident cases, subtly reinforcing employees’ safety consciousness. To improve safety skills, the Company will conduct regular comprehensive and specialized safety training sessions to quickly elevate safety competencies; implement standardised safety production practices and regularly conduct emergency drills that simulate real scenarios to prepare for unexpected situations.
- (IV) Building a digital intelligence platform supported by scientific and technological innovation. The Company will construct an industry-leading intelligent platform for grain terminals. Leveraging the capabilities of the grain base platform, the Company will promote the research and application of key technologies such as digital twin technology, creating application scenarios for digital transformation that lead the direction of digital development in the grain industry. The Company will gather efforts to build a professional management team in the grain sector, establishing a comprehensive talent training system.

Corporate Governance Report



CULTURE, VALUES, AND STRATEGY

The Company adheres to the mission of “serving the national strategy on food security, serving the high-quality development of port, serving customers and employees”, with the vision of “building a fully integrated, eco-friendly and intelligent grain demonstration port”. We uphold the values of “unity, dedication, innovation and exploration, pursuit of excellence”, strengthen the cultural recognition of “unification”, inherit the enterprising spirit of “Rizhao Port”, and integrate the development to form a cultural system with the characteristics of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving a high standard of corporate governance practices in the belief that they are critical to the development of the Company and essential for protecting the interest of the Shareholders. The Company has adopted the applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company reviews its corporate governance practice from time to time in order to ensure high standards of corporate governance of the Company and meet the expectations of the Shareholders and other stakeholders.

The Company has complied with the relevant requirements of the applicable code provisions in Part 2 of the CG Code for the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct for its Directors and Supervisors in the conduct of securities transactions. Having made specific enquiries to the Directors and Supervisors, each Director and Supervisor has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

THE BOARD

Board Composition

In compliance with code provision B.1.2 of the CG Code, an updated list of the Directors identifying their role and function are available on the websites of the Company (www.rzportjurong.com) and HKEXnews (www.hkexnews.hk). The Company will review the composition of the Board from time to time to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Company's business and to enhance the Shareholders' value.

The Board currently comprises nine Directors in total, including one executive Director, five non-executive Directors and three independent non-executive Directors. The composition of the Board during the year and up to the date of this annual report is set out as follows:

Executive Directors

Mr. Qin Yuning (*resigned on 28 May 2024*)
Mr. Chen Zhou (*appointed on 28 May 2024*)

Non-executive Directors

Mr. Cui Liang (*Chairman*) (*resigned on 28 May 2024*)
Mr. Zhou Tao (*Chairman*) (*appointed on 28 May 2024*)
Mr. Seow Kok Leong Terence
Mr. Nyan Ming Ren Francis (*resigned on 31 December 2024*)
Ms. Tien Siew Wan (*appointed on 18 February 2025*)
Mr. Fang Lei
Mr. Chen Lei (*resigned on 28 May 2024*)
Ms. Liu Rong (*appointed on 28 May 2024*)

Corporate Governance Report (Continued)

Independent Non-executive Directors

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

Pursuant to the Articles of Association, Directors shall be elected or replaced at shareholders' general meetings and serve a term of three years. Directors are eligible for re-election upon the expiration of their terms. If the Board appoints a new director to fill a temporary vacancy, the appointed director shall be subject to re-election by the Shareholders at the first annual general meeting after his or her appointment.

Biography of each Director is set out in the section titled "Brief Biographies of Directors, Supervisors and Senior Management" in this annual report.

The Directors have no financial, business, family or other material/relevant relationships with each other.

Mr. Zhou Tao and Ms. Liu Rong, who were appointed as non-executive Directors on 28 May 2024, and Mr. Chen Zhou, who was appointed as an executive Director on 28 May 2024, have obtained legal advice as referred to in Rule 3.09D of the Listing Rules on 27 May 2024, and all of them have confirmed they understood their obligations as a director of a listed issuer.

Ms. Tien Siew Wan, who was appointed as a non-executive Director on 18 February 2025, has obtained legal advice as referred to in Rule 3.09D of the Listing Rules on 17 February 2025, and she has confirmed she understood her obligations as a director of a listed issuer.

Board Meetings and General Meetings

According to the Articles of Association, Board meetings shall be held at least 4 times a year. At least 14 days' notice shall be given for a regular board meeting. At least 3 days' notice shall be given in the event of an extraordinary board meeting. Notice of the annual general meeting of the Company shall be served to all shareholders 21 days before the meeting is held, and notice of the extraordinary general meeting shall be served to all shareholders 15 days before the meeting is held. The company secretary of the Company shall assist the chairman of the Board in preparing the agenda for each meeting. The agenda and board papers shall be despatched at least 3 days before the date of the regular board meeting to enable the Directors to have full and timely access to relevant information. The Board decisions are voted upon at the board meetings. The company secretary of the Company records all matters considered and decisions reached by the Board and any concerns raised or dissenting views expressed by the Directors. Minutes of the meetings are kept by the company secretary.

A Board meeting shall be attended by more than half of the Directors. The Directors may attend the board meeting in person or authorise another director in writing to attend the Board meeting on his or her behalf.

During the Reporting Period, the Board held 10 board meetings and convened 3 shareholders' general meetings in total. The attendance record of the Directors of the above meetings is set out below:

Name of Directors	Attendance/Number of Meetings Held During Directors' Tenure		
	Board Meetings	Annual General Meeting	Extraordinary General Meetings
<i>Executive Directors</i>			
Mr. Qin Yuning (Note 1)	1/1	1/1	–
Mr. Chen Zhou (Note 2)	9/9	–	2/2
<i>Non-executive Directors</i>			
Mr. Cui Liang (Note 3)	1/1	1/1	–
Mr. Zhou Tao (Note 4)	9/9	–	2/2
Mr. Seow Kok Leong Terence	10/10	1/1	2/2
Mr. Nyan Ming Ren Francis (Note 5)	9/9	1/1	2/2
Ms. Tien Siew Wan (Note 6)	–	–	–
Mr. Fang Lei	10/10	1/1	2/2
Mr. Chen Lei (Note 7)	1/1	1/1	–
Ms. Liu Rong (Note 8)	9/9	–	2/2
<i>Independent Non-executive Directors</i>			
Mr. Zhang Zixue			
Mr. Lee Man Tai	10/10	1/1	2/2
Mr. Wu Xibin	10/10	1/1	2/2
	10/10	1/1	2/2

Corporate Governance Report (Continued)

Notes:

1. Mr. Qin Yuning resigned as an executive Director on 28 May 2024.
2. Mr. Chen Zhou was appointed as an executive Director on 28 May 2024.
3. Mr. Cui Liang resigned as a non-executive Director and the chairman of the Nomination Committee on 28 May 2024.
4. Mr. Zhou Tao was appointed as a non-executive Director and the chairman of the Nomination Committee on 28 May 2024.
5. Mr. Nyan Ming Ren Francis resigned as a non-executive Director on 31 December 2024.
6. Ms. Tien Siew Wan was appointed as a non-executive Director on 18 February 2025.
7. Mr. Chen Lei resigned as a non-executive Director and a member of the Audit Committee on 28 May 2024.
8. Ms. Liu Rong was appointed as a non-executive Director and a member of the Audit Committee on 28 May 2024.

In addition to Board meetings, a meeting of the Chairman and the independent non-executive Directors without the presence of other Directors and the management was held in 2024.

Responsibilities of the Board and Management

The Board shall act in the interests of all the Shareholders and shall be accountable to the general meeting. The Board shall mainly be responsible for: implementing the resolutions of the general meeting; determining the operation plan and investment program of the Company; formulating the annual financial budget plan and final accounting plan of the Company; formulating the profit distribution plan of the Company; determining the establishment of internal management bodies and formulating the basic management system of the Company, etc. The Company has established three committees under the Board to oversee specific matters of the Company, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee. The Board has delegated relevant duties to the respective committees, which are contained in the terms of reference of the relevant committees. Besides, the management of the Company will provide sufficient consultation with the Board and the Board committees when appropriate to facilitate the Directors in making informed decisions.

Nomination, Appointment and Removal of Directors

The Company has formulated a formal and transparent procedure for the appointment of new directors to the Board. Nomination and appointment of new directors is first considered by the Nomination Committee and the Remuneration Committee whose recommendations will then be put to the Board for consideration. All newly nominated directors are subject to the approval of the shareholders at the Company's general meetings. For details of the Company's policy for nomination of Directors, please refer to the paragraph titled "Board Committees – Nomination Committee – Policy for the Nomination of Directors" in this annual report. Removal of members of the Board and their remuneration and payment terms are also subject to the approval of the Shareholders at the Company's general meetings.

Independent Non-executive Directors

The Company has received from each independent non-executive Director an annual confirmation of their independence in accordance with Rule 3.13 of the Listing Rules. Based on their confirmations, the Company considers that, as at the date of this annual report, the independent non-executive Directors are independent from the Company.

Independent Views of the Board

In compliance with code provision B.1.4 of the CG Code, the Company has established mechanisms to ensure that independent views and inputs are available to the Board (the "**Mechanisms**"). The Mechanisms ensure adequate time is allocated for discussion of issues tabled to the Board for deliberation; the minutes of the Board and Board committee meetings accurately reflect the deliberations and decisions made, including any dissenting views and if any Director had abstained from voting or deliberating on a particular matter and that Board committee meetings are conducted separately from the Board meeting to enable independent discussion during the respective meetings, particularly the Audit Committee of which the members comprise a majority of independent non-executive Directors. The Board will review the implementation and effectiveness of the Mechanisms annually. At the meeting held on 28 March 2025, the Board has reviewed the implementation and effectiveness of the Mechanisms during the Reporting Period and considered that the Mechanisms remain effective.

Corporate Governance Report (Continued)

Training and Professional Development of Directors

During the Reporting Period, the Directors have participated in continuous professional development to develop and refresh their knowledge and skills by participating in seminars or trainings or reading materials on the following topics:

Name of Directors	Training contents
<i>Executive Directors</i>	
Mr. Qin Yuning (<i>resigned on 28 May 2024</i>)	–
Mr. Chen Zhou (<i>appointed on 28 May 2024</i>)	(1) (2)
<i>Non-executive Directors</i>	
Mr. Cui Liang (<i>resigned on 28 May 2024</i>)	–
Mr. Zhou Tao (<i>appointed on 28 May 2024</i>)	(1) (2)
Mr. Seow Kok Leong Terence	(1) (2)
Mr. Nyan Ming Ren Francis (<i>resigned on 31 December 2024</i>)	(1) (2)
Ms. Tien Siew Wan (<i>appointed on 18 February 2025</i>)	–
Mr. Fang Lei	(1) (2)
Mr. Chen Lei (<i>resigned on 28 May 2024</i>)	–
Ms. Liu Rong (<i>appointed on 28 May 2024</i>)	(1) (2)
<i>Independent Non-executive Directors</i>	
Mr. Zhang Zixue	(1) (2)
Mr. Lee Man Tai	(1) (2)
Mr. Wu Xibin	(1) (2)

Notes:

- (1) Director's duties
- (2) Legal and compliance

CHAIRMAN AND GENERAL MANAGER OR DEPUTY GENERAL MANAGER

The posts of chairman and general manager or deputy general manager of the Company are separate and held by different persons to ensure their respective independence of responsibility and accountability and the balance of power and authority between them. The chairman (Mr. Cui Liang resigned on 28 May 2024, and Mr. Zhou Tao was appointed since 28 May 2024) plays a crucial role in setting the development strategy of the Company, and is responsible for ensuring that the Board is functioning properly and with well-formulated corporate governance practices and procedures, whilst Mr. Qin Yuning (resigned on 28 March 2024) as the general manager or Mr. Chen Zhou as the deputy general manager since 28 March 2024 is responsible for the day-to-day management of the Company's operations, including organising the implementation of strategies set by the Board, making day-to-day decisions and coordinating overall business operations.

BOARD COMMITTEES

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee, all with specific terms of reference clearly defining the powers and responsibilities of the respective Board committees. All Board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations.

During the Reporting Period, the attendance record of Directors at the meeting of each Board Committee is as follows:

Name of Directors	Attendance/Number of Meetings Held During Directors' Tenure		
	Audit Committee	Remuneration Committee	Nomination Committee
<i>Executive Directors</i>			
Mr. Qin Yuning (Note 1)	–	–	–
Mr. Chen Zhou (Note 2)	–	–	–
<i>Non-executive Directors</i>			
Mr. Cui Liang (Note 3)	–	–	1/1
Mr. Zhou Tao (Note 4)	–	–	2/2
Mr. Seow Kok Leong Terence	–	–	3/3
Mr. Nyan Ming Ren Francis (Note 5)	–	–	–
Ms. Tien Siew Wan (Note 6)	–	–	–
Mr. Fang Lei	–	4/4	–
Mr. Chen Lei (Note 7)	1/1	–	–
Ms. Liu Rong (Note 8)	5/5	–	–
<i>Independent Non-executive Directors</i>			
Mr. Zhang Zixue	6/6	4/4	3/3
Mr. Lee Man Tai	6/6	–	3/3
Mr. Wu Xibin	–	4/4	3/3

Notes:

1. Mr. Qin Yuning resigned as an executive Director on 28 May 2024.
2. Mr. Chen Zhou was appointed as an executive Director on 28 May 2024.
3. Mr. Cui Liang resigned as a non-executive Director and the chairman of the Nomination Committee on 28 May 2024.
4. Mr. Zhou Tao was appointed as a non-executive Director and the chairman of the Nomination Committee on 28 May 2024.
5. Mr. Nyan Ming Ren Francis resigned as a non-executive Director on 31 December 2024.
6. Ms. Tien Siew Wan was appointed as a non-executive Director on 18 February 2025.
7. Mr. Chen Lei resigned as a non-executive Director and a member of the Audit Committee on 28 May 2024.
8. Ms. Liu Rong was appointed as a non-executive Director and a member of the Audit Committee on 28 May 2024.

Corporate Governance Report (Continued)

Audit Committee

The Audit Committee was established by the Company with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. Its main responsibilities are to review and supervise the financial report and internal audit system of the Company, oversee the audit process, engage, renew or remove external auditors, review and oversee the existing and potential risks of the Company and perform other duties and responsibilities as assigned by the Board.

On 28 May 2024, Mr. Chen Lei resigned as a member of the Audit Committee and Ms. Liu Rong was appointed as a member of the Audit Committee. As at 31 December 2024, the Audit Committee consisted of two independent non-executive Directors, namely Mr. Lee Man Tai and Mr. Zhang Zixue and one non-executive Director, namely Ms. Liu Rong, and the chairman of the Audit Committee was Mr. Lee Man Tai.

During the Reporting Period, the Audit Committee held 6 meetings and performed the following duties:

- (a) reviewed the Company's annual report and audited financial statements for the year ended 31 December 2023;
- (b) reviewed the Company's interim report and interim unaudited financial statements for the six months ended 30 June 2024;
- (c) reviewed the non-exempted continuing connected transactions and connected transactions of the Company;
- (d) considered the re-appointment of Grant Thornton Hong Kong Limited ("**Grant Thornton**") as the independent auditor during the Reporting Period and made recommendations to the Board; and
- (e) reviewed the risk management and internal control procedures of the Company.

The Audit Committee has, together with the management of the Company and the external auditors, reviewed the audited financial statements in this annual report. They have also discussed the key risks and the internal control and risk management issues, and reviewed the audit plan, internal control performance and the effectiveness of the internal control system.

Remuneration Committee

The Remuneration Committee was established by the Company with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee has adopted the model described in code provision E.1.2(c) of the CG Code in its terms of reference that it shall make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. Its other main responsibilities are to make recommendations to the Board on the remuneration policy and structure for the Directors, the Supervisors and senior management, on the establishment of a formal and transparent procedure for the formation of a remuneration policy and on the remuneration of non-executive Directors, and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

As at 31 December 2024, the Remuneration Committee consisted of two independent non-executive Directors, namely Mr. Zhang Zixue and Mr. Wu Xibin and one non-executive Director, namely Mr. Fang Lei, and the chairman of the Remuneration Committee was Mr. Zhang Zixue.

During the Reporting Period, the Remuneration Committee held 4 meetings and performed the following duties:

- (a) considered the remuneration of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors of the Company for the year of 2023;
- (b) reviewed the Company's remuneration policy; and
- (c) considered the remuneration package for the newly appointed executive Director and senior management and made recommendations to the Board.

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of members of the senior management by band are as follows:

Remuneration band (RMB)	Number of persons
0 – 500,000	3
500,001 – 1,000,000	3
1,000,001 – 1,500,000	–

Further details of the remunerations of Directors and the five highest paid employees are disclosed in Notes 11 and 12 to the financial statements of this annual report.

Nomination Committee

The Nomination Committee was established by the Company with written terms of reference in compliance with the CG Code. Its main responsibilities are to review the structure, size and members of the Board, make recommendations to the Board on the appointment and removal of Directors, and review independence of independent non-executive Directors.

On 28 May 2024, Mr. Cui Liang resigned as the chairman of the Nomination Committee and Mr. Zhou Tao was appointed as the chairman of the Nomination Committee. As at 31 December 2024, the Nomination Committee consisted of three independent non-executive Directors, namely Mr. Lee Man Tai, Mr. Zhang Zixue and Mr. Wu Xibin and two non-executive Directors, namely Mr. Zhou Tao and Mr. Seow Kok Leong Terence, and the chairman of the Nomination Committee was Mr. Zhou Tao.

During the Reporting Period, the Nomination Committee held 3 meetings and performed the following duties:

- (a) considered the suitability of the nominee of the executive Director (Mr. Chen Zhou) and the nominees of the non-executive Directors (Mr. Zhou Tao, Ms. Liu Rong and Ms. Tien Siew Wan) and made recommendations to the Board;
- (b) assessed the independence of independent non-executive Directors; and
- (c) reviewed the training and continuous professional development of Directors and senior management of the Company.

Policy for the Nomination of Directors

The directors shall be elected or replaced at the general meeting of shareholders and serve a term of three years. Directors are eligible for re-election upon expiration of their terms of office. The Chairman of the Board shall be elected and removed by more than half of all the members of the Board. The term of the Chairman is three years and may be re-elected. The term of independent non-executive directors is three years and subject to re-election with a term of not more than nine years, unless otherwise stipulated by relevant laws and regulations.

The first session of director candidates shall be nominated by the promoters; the next session of director candidates shall be nominated by the last Board and shareholders who individually or jointly hold more than 3% of the Company's shares. In terms of the specific procedures for nomination of the Board of last session, in order to control the number of the directors of the last session within the number specified in the Articles of Association, a list of proposed candidates for directors based on the number of proposed candidates for election shall be submitted to the Board for review. After the Board has reviewed and passed a resolution to determine the candidates for directors, it shall submit a written proposal to the general meeting. The nomination methods and procedures of independent non-executive directors shall be implemented in accordance with the relevant provisions of laws, administrative regulations and departmental rules.

In respect of any shareholder's submission to the Company of (i) a notice of his intention to recommend a director candidate and (ii) a notice to the Company by that the director candidate indicates his acceptance of nomination, the deadline for giving the said notice shall not be earlier than the latest date of issue of the notice of such election meeting nor expires 7 days prior to the date of the meeting; however, such notice shall be given within at least 7 days.

- A. The Nomination Committee will recommend to the Board for the selection, election and re-election of a Director including an independent non-executive Director in accordance with the following procedures and process. The Nomination Committee (i) will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort; (ii) may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing shareholders and Directors with due consideration given to the criteria which include but are not limited to: (a) diversity in the aspects of, amongst others, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; (b) commitment for responsibilities of the Board in respect of available time and relevant interest; (c) qualifications, both academic and professional, including accomplishment and experience in the relevant industries in which the Company's business is involved; (d) independence (for independent non-executive Directors); and (e) reputation for integrity.
- B. Where an executive Director, a non-executive Director and a candidate for independent non-executive Director are considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;
- C. The Board may select to arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be;
- D. All appointment of Directors will be confirmed by the filing of the consent to act as director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required; and

- E. Where the Board proposes a resolution to elect or re-elect a candidate as Director at the following general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Board Diversity Policy

The Company has adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The ages of Directors of the Company range from 45 to 56, and all Directors have extensive working experience in their respective fields, including strategic management, business development, legal, financial, auditing and accounting experience.

In identifying and selecting suitable candidates to serve as a director of the Company, the Nomination Committee would consider the above criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board. The Board and the Nomination Committee will continue to apply the principle of appointments based on merits with reference to the board diversity policy as a whole.

Having reviewed the Board composition, the Board recognises the importance and benefits of gender diversity at the Board level, and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members. As at the date of this annual report, there were two female directors in our Board. We will continue with our endeavor to increase female representation in our Board.

Our diversity policy including the gender diversity was generally followed in the workforce throughout the Company for the year ended 31 December 2024. As at the date of this annual report, 77% of our total workforce were male and 23% of our total workforce were female.

Corporate Governance Report (Continued)

SUPERVISORY COMMITTEE

The Supervisory Committee is the supervisory authority of the Company and shall be accountable to the general meeting of the Shareholders. Supervisors shall act independently to protect the legal interests of the Shareholders and the Company in accordance with the relevant laws and regulations and the Articles of Association.

The authority and duties of the Supervisory Committee include but not limited (a) to review the financial statements, business report and profit distribution plan prepared by the Board and may retain certified accountant or certified auditor to review the financial information; (b) to supervise the financial activities of the Company; (c) to demand the rectification of acts of the Directors, Chairman and senior management which are against the interests of the Company; and (d) to exercise other power, authority and duties in accordance with the Articles of Association.

On 28 May 2024, Ms. Feng Hui was appointed as a shareholder representative Supervisor and the resignation of Mr. Li Weiqing as the shareholder representative Supervisor took effect immediately upon Ms. Feng's appointment. At the employee representatives' meeting of the Company held on 19 November 2024, Mr. Gao Zhiyuan retired from office as the employee representative Supervisor and did not offer himself for re-election due to other work commitments and Mr. Cui Guanghui was elected as the employee representative Supervisor. On the same day at the meeting of the Supervisory Committee, Mr. Cui Guanghui was appointed as the chairman of the Supervisory Committee.

As at 31 December 2024, the Supervisory Committee consisted of three members, namely Mr. Cui Guanghui, Ms. Feng Hui and Mr. Tham Wai Kong, and the chairman of the Supervisory Committee was Mr. Cui Guanghui. Each Supervisor shall serve a term of three years and may be re-elected for successive terms.

Particulars of the Supervisors are set out in the section titled "Brief Biographies Details of Directors, Supervisors and Senior Management" of this annual report. The work of the Supervisory Committee is set out in the Supervisors' Report in this annual report.

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance function of the Company is carried out by the Board with written terms of reference in compliance with code provision A.2.1 of the CG Code. The main responsibilities are to develop and review the policies and practices on corporate governance of the Company, review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, review and monitor the training and continuous professional development of Directors and senior management and review the Company's compliance with the CG code and the disclosure in the Corporate Governance Report in this annual report.

During the Reporting Period, the Board performed the following duties:

- (a) reviewed the Company's policies and practices on corporate governance;
- (b) reviewed the training and continuous professional development of the Directors and senior management; and
- (c) reviewed the Company's compliance with the CG Code and the disclosure in the corporate governance report.

EXTERNAL AUDITOR'S REMUNERATION

For the Reporting Period, the remuneration paid and payable to the external auditor of the Company in respect of audit and non-audit services were HK\$740,000 and HK\$131,000, respectively, which has been reviewed and approved by the Audit Committee. The non-audit services were in relation to the Company's 2024 interim report.

The Audit Committee had considered the external auditor's dependence and objectivity as required under the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accounts, reviewed the terms of their engagement, nature and scope of the audit and reporting obligations.

The Audit Committee is satisfied with the findings of their review of the engagement process.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation and publication of the timely financial statements and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. In preparing the accounts for the year ended 31 December 2024, the Directors have adopted suitable accounting policies which are pertinent to the Company's operations and relevant to the financial statements and have presented an understandable assessment of the Company's position and prospects.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the accounts is prepared on a going concern basis and they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

A statement by the external auditor about their reporting responsibilities is set out on pages 76 to 80 of this annual report.

JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. Zheng Shiqiang, joint company secretary of the Company, and Ms. Yung Mei Yee, another joint company secretary from SWCS Corporate Services Group (Hong Kong) Limited, confirmed that they have complied with the requirements on a minimum of 15 hours dedicated for relevant professional training as set out in Rule 3.29 of the Listing Rules. On 28 June 2024, Ms. Ho Yin Kwan resigned as a joint company secretary of the Company (the "**Joint Company Secretary**") and Ms. Yung Mei Yee (a vice president of SWCS Corporate Services Group (Hong Kong) Limited) was appointed as the Joint Company Secretary. On 21 January 2025, Mr. Zheng Shiqiang resigned as the Joint Company Secretary and Mr. Gao Zhiyuan ("**Mr. Gao**") was appointed as the Joint Company Secretary. As disclosed in the announcement of the Company dated 21 January 2025, although Mr. Gao does not possess the professional qualification as required under note 1 of Rule 3.28 of the Listing Rules, the Stock Exchange has granted a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a period of three years from the date of appointment of Mr. Gao as the Joint Company Secretary, on the conditions as set out in the announcement.

The main contact person of Ms. Yung Mei Yee is Mr. Gao, one of the current joint company secretaries of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

One of the major functions and responsibilities of the Board is to maintain adequate risk management and internal control systems to safeguard shareholders' investments and the Company's assets. The risk management and internal control measures are designed to manage and mitigate rather than eliminate the risks inherent in the Company's business, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Company reviews the effectiveness of the risk management and internal control systems every year. The review covers all important aspects that need to be monitored, including finance, operation and compliance as well as risk management. The Company has defined the lines of authority and monitoring responsibilities for risk management and internal control of each business unit of the Company, and established a risk management department so as to ensure clear division of responsibilities and effective accountability. The Company has also set up internal procedures and management manuals to supervise the operations.

To establish effective risk management and internal control, the Company has adopted the following measures:

Compliance Control

The Company has established a set of compliance management mechanism to promote compliance operation of the Company. The Company has also complied with the requirements under the Listing Rules, SFO and the Guidelines on Disclosure of Inside Information which regulates information disclosure. The Company has formulated and shall strictly implement the Management Regulations Governing Information Disclosure (the "**Regulations**"), and shall gradually establish the comprehensive process of reporting, identifying and disclosing inside information; the Supervisory Committee shall review the implementation of the Regulation from time to time and urge the Board to rectify any deviation from the Regulation. In order to deal with the compliance in connected transactions, the Company has fully established an early warning system for connected transactions. The Company's securities affairs office, finance office and other departments closely cooperate to verify the amount of connected transactions every month. From the two dimensions of "time schedule" and "transaction amount", the Company has implemented and differentiated color warnings for continuing connected transactions, and strengthened the supervision and control of the internal audit department, so as to prevent the occurrence of violations.

Operation Control

The Company has endeavored to establish a systematic and complete corporate operational monitoring mechanism to reduce corporate risks. The Company has formulated a contract management system, seal management and other systems to strengthen contract risk control. The Company has established and improved the safety responsibility system and safety management system to ensure safe production and operation of the port.

Finance Control

The Company has strictly abided by a series of financial management regulations and measures, including business outsourcing, fixed assets leasing, receivables, financing management and notes management, etc. to effectively prevent and reduce financial risks. The Company has introduced comprehensive budget management and promoted budget's process control, which provide quantitative index of finance and operation for the Board and the management. The Audit Committee communicates with auditors regularly to review the regular reports, as well as supervise the financial operation of the Company. The Company also pays high attention to the job qualifications and professional integrity of accounting and financial personnel, and the Company takes full consideration of resources and budget of continuous trainings.

Internal Audit Control

The Company establishes an internal audit department with corresponding supervision and audit responsibilities in order to assist the Audit Committee and the Supervisory Committee to review and supervise the factuality, legitimacy and efficiency for the Company's financial condition, construction projects and related economic activities.

The Board and the Audit Committee has conducted its regular and annual review of the effectiveness of the Company's risk management and internal control systems in respect of the Reporting Period to ensure effective measures are in place to protect material assets and identify business risks of the Company. Such review did not reveal any major issues and the Board considers the risk management and internal control systems effective and adequate.

INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The secretary of the Board is responsible for the overall coordination and arrangement of the management work of investor relations and the investor relations personnel is responsible for the specific implementation. The Company is committed to setting up an efficient communication bridge between management and investors. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions. The Company has established several communication channels, including (a) the annual and extraordinary general meetings, road shows, reverse roadshows as well as inviting investors to pay site visits, which provide a forum for the Shareholders to communicate directly with the Board; (b) corporate communications published on the websites of the Company and the Stock Exchange or in printed form despatched to the Shareholders (if requested); (c) announcement disseminating the latest activities of the Company on the websites of the Company and the Stock Exchange; and (d) the Company's website providing an electronic means of communication. Furthermore, the secretary of the Board regularly reports to the management on the investors' perception of the Company and relevant development, so that the management can understand the concerns of investors and the changes of relevant policies and requirements in time, thus improving its work on investor relations.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective during the Reporting Period.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting

Pursuant to the Articles of Association,

- (a) One or more shareholders individually or jointly holding not less than 10% of the Company's shares (on the basis of one vote per share) are entitled to propose the convening of an extraordinary general meeting to the Board, provided that such proposal shall be made in writing. Such shareholders shall also be entitled to add resolutions to the agenda of the relevant general meeting. The Board shall, in accordance with the laws, administrative regulations and these Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving such requisition.
- (b) In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within 5 days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the shareholders concerned.
- (c) In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, the shareholders who proposed the convening of such extraordinary general meeting shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing.
- (d) In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within 5 days after receiving such request. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.
- (e) In the event that the Supervisory Committee does not issue a notice of the general meeting within the prescribed period, it shall be deemed that the Supervisory Committee will not convene and preside over such general meeting, and the shareholders who proposed the convening of such extraordinary general meeting may convene and preside over the meeting by themselves.
- (f) Where the Supervisory Committee or shareholders decide(s) to convene the general meeting by itself/ themselves, it/they shall send out a written notice to the Board. The shareholding of the convening shareholder(s) shall not be lower than 10% prior to the announcement of the resolutions of the shareholders' general meeting.

Procedures for Proposal at the General Meeting

Pursuant to the Articles of Association, shareholders individually or jointly holding 3% or more of the total voting shares of the Company are entitled to propose temporary resolutions in writing to the Company and submit them to the convener 10 days before the meeting. The convener of the shareholders' general meeting shall issue a supplementary notice of the shareholders' general meeting announcing the contents of the temporary resolution to other shareholders within two days upon the receipt of such proposal.

Enquiry to the Board

Shareholders and investors of the Company may send their enquiries and concerns to the Company by addressing them to the office of the Board. The contact details are as follows:

Office of the Board

Telephone: +86 0633 7381 569

Fax: +86 0633 7381 530

E-mail: rzgyl@rzportjurong.com

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

DIVIDEND POLICY

The Board may declare dividends after considering (a) the operational results, financial position, cash requirements and availability and capital expenditure requirements of the Company; (b) the previous dividend payout ratio of the Company; (c) reference to other companies in the same industry listed on the Stock Exchange; and (d) other factors it may deem relevant at that time. Any declaration and payment and the amounts of dividends shall be in accordance with the Articles of Association and the relevant laws and regulations of the PRC.

CONSTITUTIONAL DOCUMENTS

In order to conform with the latest requirements of the applicable laws and regulations of the PRC and the Listing Rules and to incorporate other consequential and housekeeping amendments, amendments have been made to the Articles of Association during the Reporting Period. The amendments to the Articles of Association were considered and approved at the Company's annual general meeting held on 28 May 2024. The amended Articles of Association has taken effect upon the approval at the aforementioned meeting. For details of the amendments, please refer to the circular of the Company dated 3 May 2024. The revised Articles of Association is available on both the Company's website and the Stock Exchange's website.

Brief Biographies of Directors, Supervisors and Senior Management

DIRECTORS

Executive and Non-executive Directors

Mr. Zhou Tao (周濤), aged 52, was appointed as the chairman of the Board, a non-executive Director and the chairman of the Nomination Committee on 28 May 2024. He is mainly responsible for overseeing the management and strategic development of the Company.

Mr. Zhou is a postgraduate, obtained a master's degree in business administration from Missouri State University in the United States, and is a professor-level senior administrative officer and senior economist. He successively served as the deputy manager, member of the disciplinary inspection committee of the general party branch and chairman of the labor union of Rizhao Port Group Logistics Co., Ltd. from January 2017 to June 2019 (during which he also served as a member of the party committee, deputy general manager and secretary of the disciplinary committee of Rizhao Port COSCO Shipping Logistics Co., Ltd. from April 2018 to June 2019), the manager of Rizhao Port Group Logistics Co., Ltd. from June 2019 to January 2020 (during which he also served as a member of the party committee, deputy general manager and secretary of the disciplinary committee of Rizhao Port COSCO Shipping Logistics Co., Ltd. from June 2019 to January 2020), the deputy director (in charge) of the general office of Rizhao Port Group from January 2020 to March 2020 (during which he also served as the manager of Rizhao Port Group Logistics Co., Ltd. from January 2020 to February 2020), the office manager of Rizhao Port Group from March 2020 to April 2021, the party secretary, executive director and manager of Shandong Port Rizhao Port Group Lanshan Port Company Limited from April 2021 to June 2021, the manager of Lanshan Stevedoring Branch of Rizhao Port from June 2021 to August 2021, the deputy general manager of Rizhao Port and manager of Lanshan Stevedoring Branch of Rizhao Port from August 2021 to November 2022, and a member of the party committee, director and deputy general manager of Rizhao Port from September 2022 to December 2024. He currently serves as a member of the party committee and director of Rizhao Port, and the party secretary, chairman and general manager of Rizhao Port Container Development Co., Ltd.

Mr. Chen Zhou (陳周), aged 53, was appointed as an executive Director and the authorised representative of the Company under Rule 3.05 of the Listing Rules on 28 May 2024. He is primarily responsible for overseeing strategic development, overall operation and management of the Company. Mr. Chen joined Rizhao Port Group in November 1994, and has 30 years of experience in port management. From May 2008 to August 2022, he served various positions in Rizhao Port Lanshan Port Company Limited, including the assistant to the manager, secretary and director of the party branch of the production scheduling center, deputy director of the safety production department and deputy manager of Rizhao Port Lanshan Port Machinery Company Limited. He successively served as a member of the party branch and deputy manager of Shandong Port Rizhao Port Shangang Terminal Co., Ltd., and the assistant to the manager of Rizhao Port Lanshan Port Company Limited from August 2022 to November 2022; the deputy manager and safety director of Rizhao Port Lanshan Port Company Limited from November 2022 to July 2023; a member of the party committee, deputy manager and safety director of Rizhao Port Lanshan Port Company Limited from July 2023 to October 2023; and currently serves as a member of the party committee and deputy general manager (in charge) of the Company. Mr. Chen graduated from the English language department of Sichuan International Studies University (四川外語學院) with a major in English and is an engineer.

Brief Biographies of Directors, Supervisors and Senior Management (Continued)

Mr. Seow Kok Leong Terence (蕭國良), aged 55, was appointed as a non-executive Director and a member of the Nomination Committee on 28 December 2022. He is primarily responsible for participating in formulating the Company's corporate and business strategies.

Mr. Seow has acted as the chief executive officer of Jurong Port since September 2022. Mr. Seow served as the assistant chief executive officer of Enterprise Singapore from 2011 to 2014. From 2014 to August 2022, Mr. Seow served as the assistant chief executive officer of JTC Corporation. Mr. Seow graduated from the National University of Singapore with a Bachelor of Arts degree. He also has a master's degree in Public Administration from Columbia University, through a scholarship awarded by Enterprise Singapore. In 2018, Mr. Seow was awarded the Public Administration Medal (Silver) by the Government of Singapore in recognition of his contribution to the public service.

Mr. Fang Lei (房磊), aged 54, was appointed as a non-executive Director and a member of the Remuneration Committee on 28 December 2022. He is primarily responsible for participating in formulating the Company's corporate and business strategies.

Mr. Fang has a title of senior economist. He graduated from Shandong University in 1990 with a bachelor's degree in scientific socialism, and obtained a master's degree in law from the University of International Business and Economics in 2001. Mr. Fang has extensive experience in port management, and has been working in Rizhao Port Group since 1990. From August 2004 to November 2005, he served as the deputy head of the investment promotion section of the corporate development department of Rizhao Port Group. From November 2005 to April 2011, he served as the head of the investment promotion section of the corporate development department of Rizhao Port Group. From April 2011 to September 2011, he served as the assistant to the general manager of the Company. From September 2011 to December 2016, he was appointed as the deputy general manager, financial controller and chairman of labor union of the Company. From December 2016 to June 2018, he served as the deputy director of the corporate development department of Rizhao Port (presiding over the work). Mr. Fang served as the director of the corporate development department of Rizhao Port from March 2019 to November 2022, and from November 2022 to August 2024, he served as Party Secretary and Executive Vice President of the Party School of Rizhao Port. He currently serves as the senior expert of Rizhao Port.

Ms. Tien Siew Wan (田秀望), aged 53, was appointed as a non-executive Director of the Company on 18 February 2025. She is primarily responsible for participating in formulating the Company's corporate and business strategies.

Ms. Tien has extensive finance experience across various industry sectors such as aviation, hospitality, real estate and energy, and serves as Chief Financial Officer of Jurong Port starting from January 2025. She was the Chief Financial and Risk Officer in Singapore LNG Pte Ltd from 2012 to 2021. Ms. Tien graduated with a Bachelor of Accountancy degree and a Master Degree in Business Administration from Nanyang Technological University of Singapore. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

Brief Biographies of Directors, Supervisors and Senior Management (Continued)

Ms. Liu Rong (劉榮), aged 46, was appointed as a non-executive Director and a member of the Audit Committee on 28 May 2024. She is mainly responsible for participating in formulating the Company's corporate and business strategies.

Ms. Liu graduated from Ocean University of China with a major in accounting and is a senior accountant. Ms. Liu joined Rizhao Port Group in September 1998 and has 26 years of experience in accounting management. From June 2003 to December 2020, she successively served as the director, manager and accountant of the finance office in Rizhao Port Group and its subsidiaries, including Shandong Gangwan, Rizhao Port Group Finance Co., Ltd., Rizhao Port COSCO Shipping Logistics Co., Ltd. and Rizhao Port Lanshan Port Company Limited, etc. Since December 2020, she has served as the deputy director of financial management department of Rizhao Port Group.

Independent Non-executive Directors

Mr. Zhang Zixue (張子學), aged 56, was appointed as an independent non-executive Director of the Company on 20 December 2018 and serves as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Zhang is primarily responsible for supervising and providing independent judgment to the Board.

From May 1997 to September 2016, Mr. Zhang worked at the China Securities Regulatory Commission and held positions of director of supervision department of listed companies, full-time member of administrative penalty committee and deputy chief of the administrative punishment committee. He has been serving as a professor at Civil, Commercial and Economic Law School of China University of Political Science and Law (中國政法大學民商經濟法學院) since September 2016. He has also been the independent director of Zhejiang Juhua Co., Ltd (浙江巨化股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600160) since December 2019, an independent director of TangShan Port Group Co., Ltd.* (唐山港集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601000) from May 2020 to 25 April 2024 and an independent director of Shenzhen Prince New Materials Co., Ltd. (深圳王子新材料股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002735) from December 2018 to 21 February 2022. He has been an independent director of Minmetals Capital Company Limited (五礦資本股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600390) since May 2023, and an independent director of Henan XinNing Logistics Co., Ltd. (河南新寧物流股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300013) since March 2023.

Mr. Zhang obtained a bachelor's degree in law in July 1989 and a master's degree in litigation law in January 1993 from Renmin University of China (中國人民大學). He also received a master of law degree from Temple University in the U.S. in May 2002. He received his doctorate degree in corporate law and securities law from China University of Political Science and Law (中國政法大學) in June 2008. Mr. Zhang was granted the Certificate of Qualification of Lawyer of the People's Republic of China by the Beijing Judicial Bureau in June 1991.

Brief Biographies of Directors, Supervisors and Senior Management (Continued)

Mr. Lee Man Tai (李文泰), aged 48, was appointed as an independent non-executive Director of the Company on 17 December 2019 and serves as the chairman of the Audit Committee and a member of the Nomination Committee. Mr. Lee is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Lee has approximately 22 years of working experience in financial industry. From October 2006 to October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited (中國元邦房地產控股有限公司), a company listed on Mainboard of the Singapore Exchange Limited (stock code: CYBP.SP or BCD.SI). From October 2012 to May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited (中國三三傳媒集團有限公司), a company listed on GEM of the Stock Exchange (stock code: 8087). He acted as the chief financial officer and company secretary of Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8030) from July 2014 to April 2015 and from August 2014 to April 2015, respectively. He also acted as the financial controller and company secretary of Chanco International Group Limited (卓高國際集團有限公司) (now known as China International Development Corporation Limited (中聯發展控股集團有限公司)), a company listed on Main Board of the Stock Exchange (stock code: 264) from April 2015 to January 2016 and from April 2015 to September 2015, respectively. Since January 2016, Mr. Lee has been an independent non-executive director of China Energy Development Holdings Limited (中國能源開發控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 228). Since November 2016, he has been an independent non-executive director of Progressive Path Group Holdings Limited (進昇集團控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 1581). From June 2021 to November 2024, he served as an independent non-executive director of Yunhong Guixin Group Holdings Limited (運鴻硅鑫集團控股有限公司) (previously known as MEIGU Technology Holding Group Limited (美固科技控股集團有限公司)), a company listed on GEM of the Stock Exchange (stock code: 8349). Mr. Lee has also served as the chief financial officer and company secretary of China New Consumption Group Limited (中國新消費集團有限公司) (formerly known as Beaver Group (Holding) Company Limited (永勤集團(控股)有限公司)), a company listed on GEM of the Stock Exchange (stock code: 8275), since June 2021 and August 2021, respectively.

Mr. Lee graduated from Lingnan University, Hong Kong in 2000 with a bachelor's degree in business administration and The Hong Kong Polytechnic University in 2010 with a master's degree in business administration. He was admitted as a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants in 2012. He obtained the qualification as a licensed representative for advising on dealing in securities (type 1) and advising on corporate finance (type 6) promulgated by the Securities and Futures Commission in 2017 and became the person-in-charge in 2020.

Brief Biographies of Directors, Supervisors and Senior Management (Continued)

Mr. Wu Xibin (吳西彬), aged 55, was appointed as an independent non-executive Director of the Company on 10 January 2019 and serves as a member of the Remuneration Committee and the Nomination Committee. Mr. Wu is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Wu served as securities lawyer at Henan Jinyan Law Firm (河南金研律師事務所) from August 1993 to October 2001 and Beijing Liwen Law Firm (北京李文律師事務所) from October 2001 to August 2006. From May 2006 to February 2013, he served as partner at Beijing Honor Base Law Firm (北京市衡基律師事務所). He has been the senior partner of Beijing Great Wall Law Firm (北京華城律師事務所) since June 2013.

He has been an independent director at NAURA Technology Group Co., Ltd. (北方華創科技集團股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 002371) since October 2016. He has been an independent director of Huayuan Property Co., Ltd. (華遠地產股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600743)) since May 2021 and has served as an external non-executive director of China Siwei Surveying and Mapping Technology Co., Ltd. (中國四維測繪技術有限公司) (a holding subsidiary of China Aerospace Science and Technology Corporation) since December 2021.

Mr. Wu obtained his bachelor's degree in law at Zhongnan College of Political Science and Law (中南政法學院, later merged into Zhongnan University of Economics and Law (中南財經政法大學)) in July 1992. He received his master's degree in business administration at China Europe International Business School (中歐國際工商學院) in September 2012. Mr. Wu was granted the securities law business qualification certificate by the Ministry of Justice of People's Republic of China in October 1996.

SUPERVISORS

Mr. Cui Guanghui (崔光輝), aged 41, joined the Company in April 2011. He served as the commercial manager of marketing center of the Company from November 2015 to March 2019, deputy director of marketing center of the Company from March 2019 to October 2021, deputy director (presiding over the work) of the Securities Affairs Office of the Company from October 2021 to May 2023, deputy director (presiding over the work) of the Human Resources Department from May 2023 to January 2025, and director of the Human Resources Department from January 2025 to present.

Mr. Cui was elected as the employee representative Supervisor at the employee representatives' meeting of the Company held on 19 November 2024 and was appointed as the chairman of the Supervisory Committee at the meeting of the Supervisory Committee convened on the same date. Mr. Cui is mainly responsible for supervising the performance of duties by Directors and senior management.

Mr. Cui graduated from Open University of China with a bachelor's degree in business administration in January 2016.

Brief Biographies of Directors, Supervisors and Senior Management (Continued)

Ms. Feng Hui (馮慧), aged 49, was appointed as a Supervisor of the Company on 28 May 2024. She is primarily responsible for supervising the performance of duties by Directors and senior management.

Ms. Feng has over 26 years of experience in accounting and finance. She joined Rizhao Port Lunbo Company (日照港輪駁公司) from September 1995 to January 1997, where she was responsible for accounting in the finance department. She joined Rizhao Port Group and Rizhao Port from February 1997 to September 2007 and from October 2007 to March 2011, respectively, where she was responsible for accounting in the financial budget department. She was the vice manager of the finance department of the Company from April 2011 to March 2017 and the manager of the finance department of Rizhao Shihua Crude Oil Terminal Company Ltd. (日照實華原油碼頭有限公司) from March 2017 to December 2017. She joined Rizhao Port Group Lanshan Port Company Limited (日照港集團嵐山港務有限公司) as the director of the asset and finance office from December 2017 to October 2019. Since October 2019, she has been the deputy director of the asset and finance department of Rizhao Port Group. She was the financial controller of the Company from December 2019 to September 2021, the financial controller and the director of finance department of Rizhao Port from September 2021 to April 2024, and the member of the Party Committee, the financial controller and the director of finance department of Rizhao Port Container Development Co., Ltd. (日照港集裝箱發展有限公司). She currently serves as the director of legal affairs and audit department of Rizhao Port. Ms. Feng graduated from Shandong Economics University (山東經濟學院) (currently known as Shandong University of Finance and Economics (山東財經大學)) in the PRC with a college degree in marketing in July 1995 and a bachelor's degree in accounting in April 2004, respectively. Ms. Feng was accredited as a senior accountant by Shandong Senior Evaluation Committee of Qualification in Account (山東省會計專業資格高級評審委員會) in January 2007 and a senior international finance manager jointly by China Association of Chief Financial Officers (中國總會計師協會), International Financial Management Association (國際財務管理協會) and Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in October 2015.

Mr. Tham Wai Kong (譚偉光), aged 51, was appointed as a Supervisor of the Company on 14 May 2014. He is primarily responsible for supervising the performance of duties by Directors and senior management.

Mr. Tham served as senior lawyer at Allen & Gledhill LLP from 1999 to 2003. He served as Asian legal adviser at Tyco International Inc, Asia from 2003 to 2007 and Asian legal adviser at United Technologies Corporation from 2007 to 2012. He has been vice president of legal and company secretariat at Jurong Port Pte Ltd since February 2013. Mr. Tham graduated from King's College London with a bachelor's degree of Laws (Honors) in 1997. Mr. Tham was admitted to the Singapore Bar in 1999.

Brief Biographies of Directors, Supervisors and Senior Management (Continued)

SENIOR MANAGEMENT

Mr. Chen Zhou (陳周), aged 53, was appointed as the deputy general manager of the Company on 28 March 2024 and is primarily responsible for overseeing strategic development, overall operation and management of the Company.

For Mr. Chen Zhou's biographical details, please refer to the paragraph headed "Directors – Executive and Non-executive Directors" above.

Mr. Liu Baojun (劉保軍), aged 45, was appointed as the Deputy General Manager of the Company on 26 May 2022 and is in charge of production organisation and safety management and environmental protection in production.

Mr. Liu graduated from the School of Management of Shandong University in July 2002, majoring in business administration. Mr. Liu Baojun served in various positions in Rizhao Port Group and the Company from September 2002 to October 2011, and was the deputy director of the Company's office from October 2011 to October 2015, the captain of the Company's operation team from October 2015 to December 2017, and the secretary of the party branch and captain of the Company's operation team from December 2017 to May 2020. From May 2020 to October 2021, he was the secretary of the party branch and captain of the Company's operation team (provincial port group supervisory level), and from October 2021 to June 2023, he was the secretary of the party branch and director of the Company's dispatch centre. From June 2023 to March 2025, he has been the secretary of the party branch and director of the Company's production business centre. Mr. Liu currently is the member of the Party Committee of the Company.

Mr. Wang Guiming (王貴名), aged 53, was appointed as the financial director of the Company on 28 August 2024. He is mainly responsible for financial and investment management.

Mr. Wang graduated from Shandong Academy of Governance (山東省經濟管理幹部學院) majoring in economic management with a university degree, and is a senior accountant. Mr. Wang has extensive experience in financial management. From July 2003 to May 2020, he served as the vice manager of the finance department and manager of Rizhao Port Group and its subsidiaries, Shandong Gangwan, the Second Harbor Branch of Rizhao Port Container Development Co., Ltd.* (日照港集裝箱發展有限公司第二港務分公司), Port Lunbo Branch of Rizhao Port Container Development Co., Ltd.* (日照港集裝箱發展有限公司輪駁分公司) and Bibo Hotel of Shandong Port Rizhao Port Group Co., Ltd.* (山東港口日照港集團有限公司碧波大酒店). He served as the head of the asset and finance department, the deputy director of the asset and finance department (presiding over the work) and the head of the financial management department of Shandong Gangwan from May 2020 to August 2024. Mr. Wang currently is the member of the Party Committee of the Company.

Brief Biographies of Directors, Supervisors and Senior Management (Continued)

Mr. Gao Zhiyuan (高志願), aged 38, was appointed as the deputy general manager of the Company on 19 November 2024 and a joint company secretary of the Company on 21 January 2025. He is mainly responsible for the Board related matters, information disclosure and liaison with the securities regulatory authority.

Mr. Gao has rich experience in accounting and auditing. Mr. Gao served as the accountant of the financial department of the Company from June 2011 to October 2015, the deputy head of the business department of the Company from October 2015 to January 2017, the deputy captain of the operation team of the Company from January 2017 to April 2018, and the deputy captain of warehouse team of the Company from April 2018 to July 2019. Mr. Gao worked as the deputy director of the general office of the Company from July 2019 to October 2020 while also serving as the deputy director of the internal audit office of the Company from August 2019 to October 2020 and became the director of the general office of the Company (Shandong Port Group executive level) from October 2020 to October 2021. Mr. Gao was also a member of the Institutional Party Branch Committee of the Company from July 2019 to October 2021. From August 2022 to November 2024, Mr. Gao was also the employee representative supervisor and the chairman of the Supervisory Committee. From October 2021 to November 2024, Mr. Gao served as the secretary of the Institutional Party Branch Committee of the Company and the office manager of the Company (Shandong Port Group supervisor level), and since August 2024, Mr. Gao has served as a member of the Party Committee of the Company.

Mr. Gao graduated from Yanshan College of Shandong Economics University (山東經濟學院燕山學院) with a bachelor's degree in financial management in July 2010. In April 2021, Mr. Gao was awarded the master's degree of business administration by Shanghai Maritime University (上海海事大學). Mr. Gao obtained the qualification of junior accountant in 2015 and the qualification of intermediate economist in 2018.

Directors' Report



The Company is pleased to present the annual report and the audited financial statements for the year ended 31 December 2024.

PRINCIPAL BUSINESS

As at the date of this annual report, the Company is principally engaged in comprehensive port-related services, including stevedoring, berth leasing, port management, storage, and logistics agency services. The primary cargo types we handled are soybeans, woodchips, dried tapioca, and other small-volume cargo types including maize and wheat. There was no significant change in the nature of the Company's major business during the Reporting Period.

During the Reporting Period, the Company had no subsidiary. Details of the Company operating results for the Reporting Period by business segments are set out in Notes 5 and 6 to the financial statements of this annual report.

RESULTS

The results of the Company for the Reporting Period are set out in the statement of profit or loss and other comprehensive income on page 81 of this annual report.

FINANCIAL HIGHLIGHTS

Financial highlights in respect of the Company's results, assets and liabilities for the years of 2023 and 2024 are set out on page 9 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the Reporting Period are set out in Note 17 to the financial statements.

FINAL DIVIDEND, WITHHOLDING OF INCOME TAX AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of RMB0.030 per share (tax inclusive) for the year ended 31 December 2024 to all Shareholders whose names appear on the register of members of the Company on 30 May 2025, subject to the consideration and approval of the same by Shareholders at the AGM. The final dividend is expected to be paid on or before 31 July 2025.

Final dividend for holders of domestic shares of the Company was declared and calculated in RMB and paid in RMB, whereas final dividend for holders of H shares of the Company was declared and calculated in RMB and paid in Hong Kong dollars.

For a non-resident enterprise Shareholder of the Company's H shares (i.e., any Shareholder holding the Company's H shares in the name of a non-individual Shareholder, including but not limited to any holders of H shares registered in the name of HKSCC Nominees Limited, or any other nominee or trustee, or any other organisation or group), the Company shall withhold the corporate income tax for the final dividend at the tax rate of 10% on their behalf in accordance with the Corporate Income Tax Law of the PRC and other relevant tax laws, regulations and tax treaties.

Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] No. 020), the foreign individual Shareholders who hold the H Shares of the Company are exempted from individual income tax on dividends and bonus received from the Company (as foreign invested enterprises in the PRC). If otherwise stipulated by other relevant tax laws, regulations and tax treaties, the Company will withhold and pay the individual income tax for the dividends and bonus at the rate and with the procedures in accordance with relevant provisions.

In order to determine the holders of H shares who will be entitled to the proposed final dividend of H shares, the register of members of the Company will be closed from Monday, 26 May 2025 to Friday, 30 May 2025 (both days inclusive), during which period no transfer of H shares will be registered. The holders of H shares whose names appear on the register of members of the Company on Friday, 30 May 2025 are entitled to the proposed final dividend. In order for the holders of H shares to qualify for receiving the proposed final dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 23 May 2025.

The Company is not aware of arrangements under which the Shareholders have waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Tuesday, 20 May 2025 and the notice convening such meeting will be published and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

In order to determine the holders of H shares who will be entitled to attend the AGM, the register of members of the Company will be closed from Thursday, 15 May 2025 to Tuesday, 20 May 2025 (both days inclusive), during which period no transfer of H shares will be registered. In order for the holders of H shares to qualify for attending the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Wednesday, 14 May 2025.

BUSINESS REVIEW

A review of the Company's business, a discussion and analysis of the Company's performance during the year, the material underlying factors of its results and financial position, certain important events occurred since the end of the Reporting Period and the future development of the Company's business have been set out in the section titled "Management Discussion and Analysis" of this annual report.

Risks and Uncertainties

The Company's business, financial position, operation results and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Company's businesses. The risk factors set out below are not exhaustive or comprehensive, and there may be other risks which are not known to the Company or which may not be material now but would become material in the future.

(a) Risks of economic volatility

The Company's operation results may be affected by macroeconomic factors such as the economic growth rate and level of trade development which may impact cargo throughput at the ports in the PRC.

(b) Risks relating to changes in the PRC policies

The future development of the Company's business will become uncertain due to the change in regulatory requirements, governmental policies, development plans and relevant laws and regulations in the PRC.

(c) Foreign exchange risk

Details of the Company's foreign exchange risk management are set out in the section titled "Management Discussion and Analysis" of this annual report.

Environmental Policies and Performance

The Company will publish a separate 2024 Environmental, Social and Governance Report together with this annual report in accordance with the requirements of Appendix C2 of the Listing Rules. This section summarises the chapters on practicing green and environmental protection.

The Company has established a comprehensive governance mechanism to actively respond to climate change. The Board, as the highest decision-making body, reviews relevant strategies and policies, the ESG Management Leadership Group formulates strategies and evaluates risks, and each department implements decisions and integrates climate change into daily operation. The Company identifies and evaluates the risks associated with climate change, and formulates the emergency response plan for extreme weather, accurate weather forecasts and other countermeasures to minimize losses and enhance emergency response capabilities. At the same time, the Company actively explores development opportunities arising from climate change, increases investment in low-carbon and energy-saving technologies, optimizes energy structure, promotes digital transformation, develops green logistics, and strengthens risk-resistant capability and resilience.

The Company has implemented the Law of Environmental Protection of the PRC, the Law of Marine Protection of the PRC, and other laws and regulations, and formulated nine internal management systems, including the Environmental Management Responsibility System, the Administrative Regulations on the Prevention and Control of Environmental Pollution Sources and the Regulations on the Investigation and Management of Potential Hazards of Emergency Environmental Incidents, to clearly define management responsibilities and set up assessment indexes and targets. In addition, the ecological environment intelligent management and control information system is supplemented to realize the intelligent management of the whole process of environmental risk identification, target management, enforcement supervision, analysis and improvement, so as to ensure the effective operation of the environmental management system. In 2024, the Company was awarded the Four-Star Green Port, becoming the first grain terminal in the PRC to be awarded the Four-Star Green Port.

The Company establishes an energy management system, refines energy management and enhances the efficiency of utilization through an intelligent management system, sets energy-saving targets, optimizes the energy structure, promotes the full coverage of onshore power facilities, builds photovoltaic power generation systems, and procures new energy equipment to facilitate energy transformation. In 2024, 8,000 square meters of solar photovoltaic panels were installed, with an annual power generation of approximately 1,347,200 kWh and a reduction of 4,108 tons of CO₂ emissions. In terms of resource utilization, the Company continues to optimize resource allocation, establish a supervision and assessment mechanism, encourage technological innovation, renovate old equipment, promote green and efficient transportation, prioritize water resource protection, and achieve the recycling of resources.

The Company attaches importance to pollution management, formulates the Hazardous Waste Pollution Prevention and Control Responsibility Policy of Rizhao Port, Solid Waste Management Measures and other emission management systems, and improves the pollutant emission management system. In 2024, the Company realizes the compliance rate of solid waste regulation management and disposal of 100%, the registration and record of off-road mobile machinery and the qualified rate of tailpipe inspection of 100%, the certification rate of pollution discharge permits of 100%, and the compliance rate of wastewater regulation management and disposal of 100%.

The Company highly values environmental protection education, promotes and publicizes the concept of environmental protection through various channels and means, strengthens employees' awareness of environmental protection, and organizes environmental protection activities such as marine garbage cleanup and "Beautiful Port" campaign to practice the concept of ecological and environmental protection, create a green and low-carbon atmosphere, and promote the sustainable development of the port.

For more details on the environmental matters of the Company, please refer to the "2024 Environmental, Social and Governance Report of Rizhao Port Jurong Co., Ltd." to be published by the Company separately, which will be viewed or downloaded from the Company's website.

Compliance with the Relevant Laws and Regulations

To the best knowledge and information of the Company, the Company has complied with the relevant laws, regulations and other applicable requirements that have a significant impact on the Company during the Reporting Period.

Key Relationship with Employees, Customers and Suppliers

(a) Employees

As at 31 December 2024, the Company had a total of 296 employees. Details of our employees and remuneration policies are set out in the section titled "Management Discussion and Analysis" of this annual report.

(b) Customers

The Company is committed to creating values for our customers by providing quality services to meet their needs and upholding service integrity. Through evaluation and analysis of industry background, scale of operation and credibility of the customers, we have established long-term relationships with our customers by making efforts to offer our customers personalised and refined services.

Directors' Report (Continued)

(c) Suppliers

The Company conducts supplier assessment on a regular basis to evaluate and analyse their operation qualification, product quality, business integrity, industry background and historical performance for the purpose of ensuring our normal operation, quality of performance while minimising costs. We have established a long-term and trusted cooperation relationship with our suppliers.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue generated from the Company's five largest customers accounted for 53.73% of the Company's total revenue and our single largest customer accounted for 22.55% of the Company's total revenue.

During the Reporting Period, the Company's five largest suppliers are the controlling shareholders of the Company and their subsidiaries as well as other purchasers and the procurement therefrom accounted for 46.75% of the Company's total purchases. For the same period, procurement from our single largest supplier accounted for 14.41% of the Company's total purchases.

During the Reporting Period, save as disclosed above, to the best knowledge of the Directors, none of the Directors, their close associates or Shareholders which, to the best knowledge of the Directors, hold more than 5% of the Company's issued share capital (excluding treasury Shares), had any interest in the Company's five largest customers or suppliers.

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

As stated in the Prospectus, the Company had plans to use the IPO Proceeds. As at 31 December 2024, the Company had used approximately RMB382.490 million for the acquisition of the West-6 berth; approximately RMB69.231 million for the procurement of equipment and machinery for the West-6 berth; and approximately RMB54.641 million for working capital and general corporate purposes.

	Utilised amount as at 31 December 2023 RMB'000,000	Unutilised amount as at 31 December 2023 RMB'000,000	Utilised amount during the Reporting Period RMB'000,000	Unutilised amount as at 31 December 2024 RMB'000,000	Expected timeline for utilising the remaining IPO Proceeds ^(Note)
Acquisition of the West-6 berth	382.490	0	0	0	
Procurement of equipment and machinery	36.486	72.797	32.745	40.052	Expected to be fully utilised on or before 31 December 2027
Working capital and general corporate use	54.641	0	0	0	
Total	473.617	72.797	32.745	40.052	

Note: In accordance with the schedule for the construction of the Rizhao Port Grain Base, the Company is currently in the reconstruction phase of West-6 berth to ensure the smooth operation of the Rizhao Port Grain Base project. The overall reconstruction of the West-6 berth has been partially completed, and it can berth and receive grain vessels normally. Additional equipment will be added according to the utilization of the berth.

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.

NON-COMPETITION UNDERTAKINGS

On 16 November 2018 and 24 May 2019, Rizhao Port and Rizhao Port Group provided non-competition undertakings (the “**Non-competition Undertakings**”) to the Company, respectively. Details of the Non-competition Undertakings are set out in the section “Relationship with Controlling Shareholders – Non-competition Undertakings” of the Prospectus.

The independent non-executive Directors have reviewed the compliance of the relevant undertakings for the year ended 31 December 2024 and have confirmed that, to the best of their knowledge, Rizhao Port and Rizhao Port Group had not been in breach of the Non-competition Undertakings during the year ended 31 December 2024.

RESERVES

Details of movements in reserves of the Company during the Reporting Period are set out in the statement of changes in equity on pages 86 to 87 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution were RMB850.312 million, which was calculated in accordance with the generally accepted accounting principles of the PRC.

DONATIONS

During the Reporting Period, no charitable and other donations were made by the Company.

SHARE CAPITAL

The share capital structure of the Company as at 31 December 2024 is set out as follows:

Class of shares	Number of shares	Proportion %
Domestic Shares	840,000,000	50.60
H Shares	820,000,000	49.40
Total	1,660,000,000	100.00

Details of the movements in the share capital of the Company during the Reporting Period are set out in Note 32 to the financial statements.

Directors' Report (Continued)

DEBENTURES

During the Reporting Period, the Company did not issue any debentures.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, there are no provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

SHARE SCHEME

The Company has not adopted any share scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury Shares). As at the end of the Reporting Period, the Company did not hold any treasury Shares.

DIRECTORS AND SUPERVISORS

During the Reporting Period and as at the date of this annual report, the Directors and the Supervisors of the Company include:

Executive Director

Mr. Qin Yuning (*resigned on 28 May 2024 due to change in work arrangements*)

Mr. Chen Zhou (*appointed on 28 May 2024*)

Non-executive Directors

Mr. Cui Liang (*Chairman*) (*resigned on 28 May 2024 due to change in work arrangements*)

Mr. Zhou Tao (*Chairman*) (*appointed on 28 May 2024*)

Mr. Seow Kok Leong Terence

Mr. Nyan Ming Ren Francis (*resigned on 31 December 2024 due to pursuit of other professional and personal engagements*)

Ms. Tien Siew Wan (*appointed on 18 February 2025*)

Mr. Fang Lei

Mr. Chen Lei (*resigned on 28 May 2024 due to change in work arrangements*)

Ms. Liu Rong (*appointed on 28 May 2024*)

Independent Non-executive Directors

Mr. Zhang Zixue

Mr. Wu Xibin

Mr. Lee Man Tai

Supervisors

Mr. Gao Zhiyuan (*Chairman*) (retired on 19 November 2024 due to other work commitments)

Mr. Cui Guanghui (*Chairman*) (appointed on 19 November 2024)

Mr. Li Weiqing (*resigned on 28 May 2024 due to change in work arrangements*)

Ms. Feng Hui (*appointed on 28 May 2024*)

Mr. Tham Wai Kong

According to the Articles of Association, the Directors and the Supervisors are appointed for a term of three years and subject to re-election upon the expiry of their terms.

RE-ELECTION OF DIRECTORS AND SUPERVISORS

The term of office of the previous session of the Board has expired on 23 November 2024. At the extraordinary general meeting of the Company held on 19 November 2024 (the "EGM"), (i) Mr. Chen Zhou was re-elected as an executive Director; (ii) each of Mr. Zhou Tao, Mr. Seow Kok Leong Terence, Mr. Nyan Ming Ren Francis, Mr. Fang Lei and Ms. Liu Rong was re-elected as a non-executive Director; and (iii) each of Mr. Zhang Zixue, Mr. Lee Man Tai and Mr. Wu Xibin was re-elected as an independent non-executive Director.

The term of office of the previous session of the Supervisory Committee has also expired on 23 November 2024. At the EGM, each of Ms. Feng Hui and Mr. Tham Wai Kong was re-elected as a shareholder representative Supervisor. At the employee representatives' meeting of the Company held on 19 November 2024, Mr. Gao Zhiyuan retired from office and did not offer himself for re-election due to other work commitments and ceased to be the chairman of the Supervisory Committee.

For more details, please refer to the Company's announcements dated 18 October 2024 and 19 November 2024 and the Company's circular dated 31 October 2024.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors, the Supervisors and the chief executive of the Company since the publication of the interim report of the Company for the six months ended 30 June 2024 are set out as follows:

Name of Director/

Supervisor/chief executive Details of changes

Mr. Zhang Zixue	<ul style="list-style-type: none"> resigned as an independent director of TangShan Port Group Co., Ltd.* (唐山港集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601000) on 25 April 2024
Mr. Lee Man Tai	<ul style="list-style-type: none"> resigned as an independent non-executive director of Yunhong Guixin Group Holdings Limited (運鴻硅鑫集團控股有限公司) (previously known as MEIGU Technology Holding Group Limited (美固科技控股集團有限公司)), a company listed on GEM of the Stock Exchange (stock code: 8349) on 18 November 2024

Directors' Report (Continued)



Name of Director/ Supervisor/chief executive	Details of changes
Mr. Gao Zhiyuan	<ul style="list-style-type: none">retired from his position as an employee representative Supervisor, and ceased to be the chairman of the Supervisory Committee, with effect from 19 November 2024appointed as the deputy general manager of the Company with effect from 19 November 2024appointed as a joint company secretary of the Company with effect from 21 January 2025
Mr. Cui Guanghui	<ul style="list-style-type: none">elected as an employee representative Supervisor and appointed as the chairman of the Supervisory Committee with effect from 19 November 2024
Mr. Nyan Ming Ren Francis	<ul style="list-style-type: none">resigned as a non-executive Director with effect from 31 December 2024
Ms. Tien Siew Wan	<ul style="list-style-type: none">appointed as a non-executive Director with effect from 18 February 2025

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the current Directors, Supervisors and senior management of the Company are set out on pages 40 to 47 of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company has entered into service contracts with each of the Directors and Supervisor for a term of not more than three years effected until the expiry of the term of office of the current session of the Board or the Supervisory Committee, which shall be terminated pursuant to relevant terms of the respective contracts.

None of the Directors and the Supervisors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, the Supervisors and the five highest paid individuals during the Reporting Period are set out in Notes 11 and 12 to the financial statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS OF SIGNIFICANCE

Save for the service contract, none of the Directors or Supervisors or their connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the business of the Company to which the Company, its parent company or any of its subsidiaries or fellow subsidiaries was a party, subsisting during or at the end of the Reporting Period.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the paragraph titled "Connected Transactions" in this annual report, there were no contract of significance between the Company and a controlling shareholder of the Company or any of its subsidiaries or for the provision of services to the Company by a controlling shareholder of the Company or any of its subsidiaries subsisting during or at the end of the Reporting Period.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

None of the Directors and the Supervisors holds any interest in business which directly or indirectly competes or is likely to compete, either directly or indirectly, with the business of the Company.

RIGHTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, to the best knowledge of the Directors, none of the Directors, the Supervisors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report (Continued)

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

As at 31 December 2024, to the best knowledge of the Directors, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of shares interested	Class of shares	Long/short position	Percentage of shareholding to the relevant class of shares ⁽³⁾ %	Percentage to total issued share capital ⁽⁴⁾ %
Shandong Port Group ⁽¹⁾	Interest in controlled corporation	840,000,000	Domestic Shares	Long position	100	50.60
Rizhao Port Group ⁽¹⁾	Interest in controlled corporation	840,000,000	Domestic Shares	Long position	100	50.60
Rizhao Port ⁽¹⁾	Beneficial owner	840,000,000	Domestic Shares	Long position	100	50.60
Jurong Port ⁽²⁾	Interest in controlled corporation	360,000,000	H Shares	Long position	43.90	21.69
Jurong Port Holding ⁽²⁾	Beneficial owner	360,000,000	H Shares	Long position	43.90	21.69
Orient Fund Management Co., Ltd.	Trustee	58,520,000	H Shares	Long position	7.14	3.52

(1) Shandong Port Group directly held 100% of the equity interests of Rizhao Port Group, which was in turn the controlling shareholder of Rizhao Port and directly held 43.6% of the equity interests of Rizhao Port, and indirectly held 0.88% of the equity interests of Rizhao Port through its wholly-owned subsidiary, Rizhao Port Group Lanshan Port Company Limited (日照港集團嵐山港務有限公司), as at 31 December 2024. Therefore, each of Shandong Port Group and Rizhao Port Group is deemed to be interested in the 840,000,000 Domestic Shares held by Rizhao Port.

(2) Jurong Port directly held 100% of the equity interest of Jurong Port Holding as at 31 December 2024. 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 31 December 2024.

(4) The calculation is based on the total number of 1,660,000,000 Shares in issue comprising 840,000,000 Domestic Shares and 820,000,000 H Shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any persons (who were not Directors, Supervisors or chief executives 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.

MANAGEMENT CONTRACTS

During the Reporting Period, no contract in respect of the management or administration of the entire business or any substantial part of business of the Company was entered into or maintained by the Company.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into any equity-linked agreements.

PERMITTED INDEMNITY PROVISION

During the Reporting Period, the Company has purchased liability insurance valid for the Reporting Period for Directors, Supervisors and senior management of the Company.

CONNECTED TRANSACTIONS

During the Reporting Period, the Company entered into the following connected transactions as defined in Chapter 14A of the Listing Rules required to be disclosed in this annual report.

Connected Transactions

(a) Connected transaction – construction agent contract

On 16 July 2024, the Company entered into a construction agent contract with Rizhao Port Group, pursuant to which the Company agreed to engage Rizhao Port Group to provide construction management services for the Rizhao Port Grain Base Project, which is the construction project of building 41 silos for storing grains, reconstructing the pier and building ancillary infrastructure at Shijiu port area in Rizhao port. The Company shall pay a management service fee to Rizhao Port Group in the amount of RMB19,074,200. Rizhao Port Group is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the Company's announcement dated 16 July 2024.

(b) Connected transaction – construction agent contract

On 20 September 2024, the Company entered into a construction agent contract with Rizhao Port Group, pursuant to which the Company agreed to engage Rizhao Port Group to provide construction management services for the No. 8 Warehouse Project, which is the construction project of two warehouses with steel portal frame structure and ancillary infrastructure such as construction of outdoor storage yard roads and weighbridge office and water and electricity works at Shijiu port area in Rizhao port. The Company shall pay a management service fee to Rizhao Port Group in the amount of RMB3,223,400. Rizhao Port Group is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the Company's announcement dated 20 September 2024.

Directors' Report (Continued)

Continuing Connected Transactions

A summary of the continuing connected transactions for the Reporting Period is set out as follows:

Continuing connected transactions	Connected persons involved	Annual cap permitted under the Listing Rules <i>RMB</i>	Transaction amount in 2024 <i>RMB</i>
Property lease (sale) framework agreement	Rizhao Port Group	27,760,000	7,907,000
Port-related service (sale) framework agreement	Rizhao Port Group	17,300,000	357,000
Property lease (procurement) framework agreement	Rizhao Port Group	30,401,000	26,031,000
General service (procurement) framework agreement	Rizhao Port Group	161,510,000	124,681,000
Financial service framework agreement	SPG Finance		
– Maximum daily balance of deposits		370,000,000	363,789,000
– Interest income		7,500,000	4,778,000
Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I and the Supplemental Agreement II)	Rizhao Port Lanshan	58,000,000	48,327,000
SDP Shipping Group Port-related Service (Sale) Framework Agreement	SDP Shipping Group	12,000,000	–
SDP Shipping Group General Service (Procurement) Framework Agreement	SDP Shipping Group	5,000,000	–
Shandong Port Finance Group Framework Agreement	Shandong Port Finance Group	700,000	–
SDP Logistics Group Port-related Service (Sale) Framework Agreement	SDP Logistics Group	6,000,000	–
SDP Logistics Group General Service (Procurement) Framework Agreement	SDP Logistics Group	65,000,000	–

Continuing connected transactions	Connected persons involved	Annual cap permitted under the Listing Rules <i>RMB</i>	Transaction amount in 2024 <i>RMB</i>
SDP Technology Group General Service (Procurement) Framework Agreement	SDP Technology Group	19,420,000	–
SDP Shanghai Property Framework Agreement (as amended by the Supplemental Agreement)	SDP Shanghai Property	11,000,000	9,740,000

- (a) On 26 November 2021, the Company entered into the following framework agreements with Rizhao Port Group (for itself and on behalf of its subsidiaries). On 7 December 2022, the Company entered into the property lease (procurement) supplemental framework agreement with Rizhao Port Group (for itself and on behalf of its subsidiaries). Rizhao Port Group is the controlling shareholder of the Company, and is hence a connected person of the Company under Chapter 14A of the Listing Rules. For more details, please refer to the Company's announcements dated 26 November 2021 and 7 December 2022 and the Company's circulars dated 15 January 2022 and 20 January 2023.

Property lease (sale) framework agreement 2022

Nature of the transaction:	Rizhao Port Group agreed to lease from the Company the West-1 berth, West-2 berth, West-6 berth and temporarily leased berths and other relevant properties from time to time
Term:	From 1 January 2022 to 31 December 2024
Pricing policy:	The rent in respect of the lease of the West-1 berth, West-2 berth and temporarily leased berths were determined by both parties through arm's length negotiation with reference to (a) area leased, geographic location and profile of the surrounding area; (b) historical rent; and (c) depreciation costs of such assets plus an expected rate of return.

Directors' Report (Continued)



Port-related service (sale) framework agreement 2022

Nature of the transaction: The Company agreed to provide stevedoring services and cargo supervision services to Rizhao Port Group and other port-related services the Company may provide to Rizhao Port Group in the future from time to time

Term: From 1 January 2022 to 31 December 2024

Pricing policy: The service fee rates in relation to the port-related services were determined through arm's length negotiation with reference to (i) the cost of the relevant services; and (ii) the comparable service fee rate charged by the Company for such services provided for independent third parties.

Property lease (procurement) framework agreement 2022 (as amended by the property lease (procurement) supplemental framework agreement)

Nature of the transaction: The Company agreed to lease from Rizhao Port Group (a) land occupied by West-18 berth and the land behind it; (b) warehouses; (c) complex building; (d) anticipated new lease of lands; and (e) other properties the Company may lease from Rizhao Port Group in the future from time to time

Term: From the date of the Company's extraordinary general meeting held on 31 January 2022 to 31 December 2024

Pricing policy: The rent amount was determined after arm's length negotiations between the parties after considering the following factors, (i) the size of the leased area, geographical location and general situation of the surrounding area; (ii) historical rent; and (iii) rents charged by independent third parties for similar offices in the vicinity (applicable to the complex building only). In addition, 50% of the profit from the West-18 berth will be paid to Rizhao Port Group as part of the rental fee for the land occupied by and behind the West-18 berth.

General service (procurement) framework agreement 2022

- Nature of the transaction:** The Company agreed to procure from Rizhao Port Group services including (i) port-related services; (ii) railway services; (iii) security services; (iv) maintenance services; (v) port-related technology services; (vi) office and logistics services; and (vii) utilities and consumables, and other services the Company may procure from Rizhao Port Group in the future from time to time
- Term:** From the date of the Company's extraordinary general meeting held on 31 January 2022 to 31 December 2024
- Pricing policy:**
- (i) For port-related services, the fee rates for logistics (other than container logistics), labor contracting and port cleaning services are determined with reference to (1) the comparable service fee rates charged by independent third parties and (2) the workload and the suppliers are selected through public bidding processes. The fee rates for ship traction and container logistics services are determined through arm's length negotiation with reference to (1) historical fee rates; (2) the cost of the relevant services; and (3) the fee rates charged for similar services by independent third parties (applicable to container logistics services only).
 - (ii) For railway services, the fee rates are determined through arm's length negotiation with reference to (1) the laws and regulations promulgated by relevant state departments and pricing rules promulgated by Rizhao Port Group; (2) historical fee rates and (3) transportation distances.
 - (iii) For security services, the fee rates for the port facilities security services are determined by the pricing in the market and the fee rates for the security inspection services are determined through arm's length negotiation with reference to (1) historical fee rates and (2) the cost of the relevant services.
 - (iv) For maintenance services, the fee rates are determined with reference to (1) the comparable service fee rates charged by independent third parties, (2) the workload, (3) the construction period, and (4) the other cost of such services and the suppliers are selected through public bidding processes.
 - (v) For port-related technology services, the fee rates are determined through arm's length negotiation with reference to (1) historical fee rates and (2) the cost of the relevant services.

- (vi) For office and logistics services, the fee rates for printing, catering, accommodation, meeting, employee benefits, garbage removal services are determined with reference to the comparable service fee rates charged by independent third parties and the suppliers are selected through public bidding processes. The fee rates for telephone, networks and protective gears supplies services are determined through arm's length negotiation with reference to (1) historical fee rates; (2) the cost of the relevant services; and (3) the fee rates charged for similar services by independent third parties.
 - (vii) For utilities and consumables, the fee rates are determined through arm's length negotiation with reference to (1) historical fee rates; (2) the market price of the utilities and consumables.
- (b) On 28 October 2022, the Company entered into the 2022 – 2024 financial services framework agreement with SPG Finance (the “**2022 – 2024 Financial Service Framework Agreement**”). SPG Finance is (i) 70% owned by Qingdao Port International, which is in turn approximately 55.77% owned by Qingdao Port Group; and (ii) 30% owned by Qingdao Port Group. Qingdao Port Group is a wholly-owned subsidiary of Shandong Port Group, a controlling shareholder of the Company. Accordingly, SPG Finance is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the announcement of the Company dated 28 October 2022 and the circular of the Company dated 5 December 2022.

2022 – 2024 Financial Service Framework Agreement

- Nature of the transaction:** SPG Finance agreed to provide deposit and settlement services to the Company.
- Term:** From the date of fulfilment of the conditions precedent set out in the 2022 – 2024 Financial Service Framework Agreement to 31 December 2024
- Pricing policy:** The deposit interest rates are determined in accordance with the rates published by the People's Bank of China and are not lower than the market rates provided by independent commercial banks.
- The interest rate of other financial services related to or similar to the deposit service shall not be lower than the interest rates offered by independent commercial banks for comparable financial services.
- The settlement service provided by SPG Finance is free of charge.

- (c) On 12 January 2022, the Company entered into the operation outsourcing agreement (the “**Operation Outsourcing Agreement 2022**”) with Rizhao Port Lanshan for a term commencing from 12 January 2022 to 31 December 2024. On 23 July 2024, the Company entered into the supplemental agreement to the Operation Outsourcing Agreement 2022 (the “**Supplemental Agreement I**”) with Rizhao Port Lanshan. On 29 October 2024, the Company entered into the supplemental agreement to the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I) (the “**Supplemental Agreement II**”) with Rizhao Port Lanshan. Rizhao Port Lanshan is a wholly-owned subsidiary of Rizhao Port, a controlling shareholder of the Company. Accordingly, Rizhao Port Lanshan is an associate of Rizhao Port and therefore a connected person of the Company under Chapter 14A of the Listing Rules. For more details, please refer to the Company's announcements dated 12 January 2022, 23 July 2024 and 29 October 2024 and the Company's circular dated 27 November 2024.

Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I and the Supplemental Agreement II)

Nature of the transaction: The Company may from time to time engage Rizhao Port Lanshan to provide stevedoring, storage and delivery services of grain cargoes, in Lanshan port area

Term: From 12 January 2022 to 31 December 2024

Pricing policy: The fee charged for the services provided by Rizhao Port Lanshan is determined through arm's length negotiations by the parties and based on normal commercial terms with reference to (i) qualification of service providers in stevedoring of grain cargoes in Lanshan port area; (ii) the prevailing market price for the provision of similar types of services in the same or nearby service area by independent third parties; (iii) the actual services to be provided, the volume of cargoes to be handled and the duration of storage of cargoes; and (iv) the historical prices offered to independent third party service providers.

- (1) For the provision of stevedoring and delivery services of grain cargoes, the fee charged is determined through the evaluation conducted by an independent third party with reference to the operation process of the same or similar types of services in the port, the complexity of storage of the cargoes, the cost of providing such services, the fees charged within the industry, as well as the historical prices offered to independent third party service providers. The Company will also take into account that Rizhao Port Lanshan is the only port operator with the qualification of stevedoring grain cargoes approved by the governmental authority in the Lanshan port area.
- (2) For the provision of storage services of grain cargoes, the fee charged is determined with reference to the storage process, duration and quality requirements for such services, the storage prices charged by Rizhao Port Lanshan to other customers, the fee charged within the industry, as well as prices comparison of fees charged by the Company to other customers in respect of such services.

Before entering into any agreements pursuant to the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I and the Supplemental Agreement II), the Company will obtain quotations from two or more independent third party service providers through price inquiry. The finance office of the Company will perform the comparison of the fee quotations in accordance with the pricing policy to ensure that the terms of the continuing connected transactions contemplated under the Operation Outsourcing Agreement 2022 (as amended by the Supplemental Agreement I and the Supplemental Agreement II) are fair and reasonable and no less favourable than the terms offered to the Company from independent third parties.

- (d) On 3 March 2022, the Company entered into the port-related service (sale) framework agreement with SDP Shipping Group (for itself and on behalf of its subsidiaries) (the “**SDP Shipping Group Port-related Service (Sale) Framework Agreement**”). On 19 September 2022, the Company entered into the general service (procurement) framework agreement with SDP Shipping Group (for itself and on behalf of its subsidiaries) (the “**SDP Shipping Group General Service (Procurement) Framework Agreement**”). SDP Shipping Group is a non-wholly owned subsidiary of and is approximately 70.36% owned by Shandong Port Group, a controlling shareholder of the Company. Accordingly, SDP Shipping Group is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the Company's announcements dated 3 March 2022 and 19 September 2022 and the Company's circular dated 12 December 2022.

SDP Shipping Group Port-related Service (Sale) Framework Agreement

Nature of the transaction: The Company agreed to provide stevedoring, transit and storage services to Shandong Port Shipping Group and other port-related services that the Company may provide to Shandong Port Shipping Group from time to time.

Term: From 3 March 2022 to 31 December 2024

Pricing policy: The service fee rates in relation to the port-related services were determined by both parties through arm's length negotiation with reference to (a) the market price of the services provided by the Company to independent third parties; and (b) the market price of similar services provided by independent and comparable suppliers.

SDP Shipping Group General Service (Procurement) Framework Agreement

Nature of the transaction: The Company agreed to procure grain logistics services from SDP Shipping Group and other similar general services the Company may procure from SDP Shipping Group in the future from time to time.

Term: From the date of the Company's extraordinary general meeting held on 28 December 2022 to 31 December 2024

Pricing policy: The fee rates for logistics services are determined with reference to (i) the comparable service fee rates charged by Independent Third Parties; and (ii) the historical fee rates charged by SDP Shipping Group for general grain logistics services provided to independent third parties.

- (e) On 29 August 2022, the Company entered into the port-related service (sale) framework agreement with Shandong Port Finance Group (for itself and on behalf of its subsidiaries) (the "**Shandong Port Finance Group Framework Agreement**"). Shandong Port Finance Group is a wholly-owned subsidiary of Shandong Port Group, a controlling shareholder of the Company. Accordingly, Shandong Port Finance Group is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the Company's announcement dated 29 August 2022.

Directors' Report (Continued)



Shandong Port Finance Group Framework Agreement

Nature of the transaction: The Company agreed to provide stevedoring and cargo supervision services to Shandong Port Finance Group and other port-related services that the Company may provide to Shandong Port Finance Group from time to time.

Term: From 29 August 2022 to 31 December 2024

Pricing policy: The service fee rates in relation to the port-related services were determined by both parties through arm's length negotiation with reference to (a) the comparable rate of the service provided by the Company to independent third parties; (b) the service cost of the Company; and (c) the fee standards of the supervision business and cargo transfer operation business in the region.

(f) On 19 September 2022, the Company entered into the port-related service (sale) framework agreement (the “**SDP Logistics Group Port-related Service (Sale) Framework Agreement**”) and the general service (procurement) framework agreement (the “**SDP Logistics Group General Service (Procurement) Framework Agreement**”) with SDP Logistics Group (for itself and on behalf of its subsidiaries). SDP Logistics Group is a wholly-owned subsidiary of Shandong Port Group, a controlling shareholder of the Company. Accordingly, SDP Logistics Group is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the Company's announcement dated 19 September 2022 and the Company's circular dated 12 December 2022.

SDP Logistics Group Port-related Service (Sale) Framework Agreement

Nature of the transaction: The Company agreed to provide stevedoring, transit and storage services to SDP Logistics Group and other port-related services that the Company may provide to SDP Logistics Group from time to time.

Term: From 19 September 2022 to 31 December 2024

Pricing policy: The service fee rates in relation to the port-related services were determined by both parties through arm's length negotiation with reference to (a) the market price of the service provided by the Company to independent third parties; and (b) the market price of similar services provided by independent and comparable suppliers.

SDP Logistics Group General Service (Procurement) Framework Agreement

Nature of the transaction: The Company agreed to procure from SDP Logistics Group services including but not limited to logistics and container logistics services, and other similar general services the Company may procure from SDP Logistics Group in the future from time to time.

Term: From the date of the Company's extraordinary general meeting held on 28 December 2022 to 31 December 2024

Pricing policy: The fee rates for logistics services are determined with reference to the comparable service fee rates charged by independent third parties. The fee rates for container logistics services are determined through arm's length negotiation with reference to (i) historical fee rates; (ii) the cost of the relevant services; and (iii) market price for similar services provided by independent third parties.

(g) On 19 September 2022, the Company entered into the general service (procurement) framework agreement with SDP Technology Group (for itself and on behalf of its subsidiaries) (the "**SDP Technology Group General Service (Procurement) Framework Agreement**"). SDP Technology Group is a non-wholly owned subsidiary of and is 80% owned by Shandong Port Group, a controlling shareholder of the Company. Accordingly, SDP Logistics Group is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the Company's announcement dated 19 September 2022 and the Company's circular dated 12 December 2022.

SDP Technology Group General Service (Procurement) Framework Agreement

Nature of the transaction: The Company agreed to procure from SDP Technology Group services including but not limited to facilities and equipment maintenance and other maintenance services; services of procurement and maintenance of software and IT systems in relation to port operation and management; and posts and telecommunications, telephone and networks services, and other similar general services the Company may procure from SDP Technology Group in the future from time to time.

Term: From the date of the Company's extraordinary general meeting held on 28 December 2022 to 31 December 2024

Pricing policy:

- (i) For facilities and equipment maintenance and other maintenance services, the fee rates are determined with reference to the comparable service fee rates charged by independent third parties.
- (ii) For services of procurement and maintenance of software and IT systems in relation to port operation and management, the fee rates are determined through arm's length negotiation with reference to (i) historical fee rates; and (ii) the fee rates charged for similar services by independent third parties.
- (iii) For posts and telecommunications, telephone and networks services, the fee rates are determined through arm's length negotiation with reference to the fee rates charged for similar services by independent third parties.

Directors' Report (Continued)

- (h) On 29 December 2023, the Company entered into the general service (procurement) framework agreement with SDP Shanghai Property (for itself and on behalf of its subsidiaries) (the **"SDP Shanghai Property Framework Agreement"**). On 29 August 2024, the Company entered into the supplemental agreement to the SDP Shanghai Property Framework Agreement (the **"Supplemental Agreement"**) with SDP Shanghai Property. SDP Shanghai Property is a wholly-owned subsidiary of Shandong Port Group, which is a controlling shareholder of the Company. Accordingly, SDP Shanghai Property is an associate of Shandong Port Group pursuant to Rule 14A.13(1) of the Listing Rules, and therefore a connected person of the Company under the Listing Rules. For more details, please refer to the Company's announcements dated 29 December 2023 and 29 August 2024.

SDP Shanghai Property Framework Agreement (as amended by the Supplemental Agreement)

- Nature of the transaction:** The Company agreed to procure office logistics services, including printing, catering, accommodation, meeting, employee benefits services and garbage removal services, from SDP Shanghai Property and other similar office logistics services that the Company may procure from SDP Shanghai Property from time to time.
- Term:** From 1 January 2024 to 31 December 2024
- Pricing policy:** The service fee rates in relation to the office logistics services were determined by both parties through arm's length negotiation with references to (a) the comparable service fee rates charged by Independent Third Parties for similar services; (b) historical fee rates charged by Rizhao Port Group for similar services; and (c) the cost of the relevant services.

The Company has followed its pricing policies and guidelines when determining the price and terms of the foregoing continuing connected transactions conducted during the Reporting Period. The independent non-executive Directors have reviewed the foregoing continuing connected transactions and confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Company;
- (b) on normal commercial terms or better; and
- (c) in accordance with the agreement governing the transaction and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

According to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the auditors of the Company in accordance with Rule 14A.56 of the Listing Rules containing the auditors' findings and conclusion on the above continuing connected transactions of the Company, stating that the auditors have not noticed anything that causes them to believe that any of these continuing connected transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Company if the transactions involve the provision of goods or services by the Company; (c) were not entered into in accordance with the relevant agreements governing such continuing connected transactions in all material aspects; and (d) have exceeded the relevant annual caps for the financial year ended 31 December 2024.

RELATED PARTY TRANSACTIONS

Save as the connected transactions disclosed above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with, none of the related party transactions as disclosed in Note 36 to the financial statements constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

REMUNERATION POLICY

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.

The Remuneration Committee was set up for reviewing the Company's policy and structure for all remuneration of the Directors, Supervisors and senior management of the Company, having regard to the Company's operating results, comparable market practices and time commitment and responsibilities of the Directors, Supervisors and senior management of the Company.

All employees of the Company are members of a state-managed retirement benefit scheme operated by the PRC government. The Company is required to provide certain retirement benefits, work injury benefits, maternity insurance, healthcare, employee housing provident fund and other benefits to its employees. Pursuant to the labour laws and regulations in the PRC, the Company is required to make contributions to the government for these benefits based on a certain percentage of the employees' salaries, up to a maximum amount prescribed by the local government. The PRC government will assume the obligation to pay for the medical benefits and pensions of such employees, and the Company's obligation is limited to the amount contributed and has no legal obligation beyond the amount contributed. For the year ended 31 December 2024, under such PRC retirement benefits scheme, no forfeited contribution may be used by the Company to reduce the existing level of contributions.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in Notes 11 and 12 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 22 to 39 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the total issued share capital of the Company, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as at the latest practicable date before issue of this annual report.

AUDITOR

The financial statements of the Company for the Reporting Period have been audited by Grant Thornton Hong Kong Limited. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint Grant Thornton Hong Kong Limited as independent auditor of the Company.

There has been no change in auditors of the Company during the preceding three years.

On behalf of the Board

Zhou Tao

Chairman

Rizhao, PRC

28 March 2025

Supervisors' Report

During the Reporting Period, the Supervisory Committee maintained the interests of the Company and the Shareholders by discharging their supervisory duties on the operations, connected transactions and other matters of the Company, pursuant to the Company Law of the PRC, the Listing Rules, the Articles of Association, the Procedural Rules of the Supervisory Committee of Rizhao Port Jurong Co., Ltd. (《日照港裕廊股份有限公司監事會議事規則》) and other applicable laws and regulations, and the rights conferred by the shareholders' general meeting, on the basis of diligence and integrity.

MAJOR WORK PERFORMED BY THE SUPERVISORY COMMITTEE

During the year ended 31 December 2024, the major work performed by the Supervisory Committee included attending Board meetings; carefully reviewing the report of the Directors and profit appropriation proposal to be submitted by the Board for approval at the forthcoming AGM; strictly and effectively monitoring whether the policies and decisions made by the management of the Company had conformed with the applicable laws and regulations and the Articles of Association or safeguarded the benefits of the Shareholders. The Supervisory Committee also reviewed the performance of the Directors, general manager and senior management in the daily operation of the Company by various means, and seriously examined the Company's financial position and its connected transactions.

INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT ISSUES OF THE COMPANY IN 2024

Operation of the Company in Compliance with the Law

During the Reporting Period, the Board held board meetings and considered resolutions as well as convened and organised the general meeting and attended relevant meetings through undertaking their responsibilities and operating legally in accordance with laws and regulations and the Articles of Association. The Directors and senior management maintained the interests of the Company and the Shareholders by carrying out the resolutions made by the shareholders' general meetings and the Board, and acting diligently and responsibly in the management and operation of the Company.

None of the Directors and senior management of the Company were found to be in breach of the laws and regulations when discharging their duties and none of their acts were found to be detrimental to the interests of the Company and the Shareholders as a whole.

Financial Position of the Company

The Supervisory Committee duly reviewed and discussed the audited financial statements of the Company for the Reporting Period and considered that it gave an objective, true, reasonable view in compliance with the laws, regulations and the Articles of Association. It also gave a complete and objective picture of the Company without any false representations, misleading statements or material omissions.

In addition, the Supervisory Committee considered that the preparation of this annual report was in compliance with the laws, regulations and the Articles of Association and its disclosure gave a complete and true picture of the operation, management and financial position of the Company during the Reporting Period.

Use of IPO Proceeds

During the Reporting Period, the use of the IPO Proceeds strictly complied with the relevant regulations and disclosed application with standard procedures and without misappropriation of the proceeds.

Connected Transactions

Connected transactions (including continuing connected transactions) entered into by the Company during the Reporting Period complied with laws and regulations as well as the requirements of the relevant connected transaction agreements, and are fair and reasonable to the Company and the Shareholders without harming their interests.

OUTLOOK AND PROSPECTS FOR 2025

In 2025, the Supervisory Committee will continue to carry out its supervision and inspection duties accountable to all the Shareholders in strict accordance with relevant laws and regulations and the Articles of Association in order to safeguard the legal interests of the Company and the Shareholders and effectively regulate the operation and development of the Company.

By order of the Supervisory Committee

Cui Guanghui

Chairman of the Supervisory Committee

Rizhao, PRC

28 March 2025

Independent Auditor's Report



To the members of Rizhao Port Jurong Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the financial statements of Rizhao Port Jurong Co., Ltd. (the "**Company**") set out on pages 81 to 151, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter

How the matter was addressed in our audit

Revenue recognition – Provision of services

Refer to notes 2.15 and 5 to the financial statements

The Company recognised revenue of approximately RMB770,132,000 for the year ended 31 December 2024 in provision of services mainly including stevedoring of goods, storage and other port operations.

We identified the above matter as a key audit matter because revenue is one of the key performance indicators of the Company and there is an inherent risk over the recognition of revenue by the management to meet specific targets or expectations.

Our key audit procedures to address the recognition of revenue included the following:

- evaluated the design and implementation of management's internal controls over revenue recognition;
- evaluated the appropriateness of the recognition policy such as recognising over time or at a point in time and identifying performance obligations with reference to the relevant accounting standard;
- performed analytical procedures to assess whether the recognised revenue was in line with the expected level;
- selected samples from the shipment schedules and checked to underlying contracts and supporting documents to verify the revenue is recognised in accordance with the recognition policy; and
- performed cut-off test on a sample of revenue transactions before and after the financial year end date to assess whether the transactions were recognised in proper period by tracing to underlying contracts and supporting documents.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2024 annual report of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

From the matter communicated with the Audit Committee, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

28 March 2025

Shaw Chi Kit

Practising Certificate No.: P04834

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	847,478	825,808
Cost of sales		(512,884)	(504,768)
Gross profit		334,594	321,040
Other income	7	7,819	11,648
Other (losses) and gains, net	8	(3,901)	9,865
Impairment losses recognised, net	9	(143)	(127)
Selling and distribution expenses		(14,564)	(4,228)
Administrative expenses		(29,911)	(25,700)
Finance costs	13	(18,371)	(20,658)
Profit before income tax	10	275,523	291,840
Income tax expense	14	(69,485)	(73,588)
Profit and total comprehensive income attributable to the owners of the Company for the year		206,038	218,252
Earnings per share attributable to the owners of the Company			
– Basic and diluted (expressed in RMB)	15	12.41 cents	13.15 cents

The notes on pages 88 to 151 are an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	17	2,729,856	2,338,678
Deposits for purchase of property, plant and equipment		720	28,286
Investment properties	18	271,897	279,672
Intangible assets	19	17,890	2,831
Other non-current assets	20	1,084	1,218
Deferred tax assets	31	4,373	1,501
		3,025,820	2,652,186
Current assets			
Inventories	21	1,081	1,611
Trade and other receivables	22	61,173	33,165
Bills receivables at fair value through other comprehensive income ("FVTOCI")	23	1,478	3,700
Financial asset at fair value through profit or loss ("FVTPL")	24	39,054	–
Contract assets	25	–	1,195
Cash and cash equivalents	26	408,067	608,747
		510,853	648,418
Current liabilities			
Trade and other payables	27	275,926	205,787
Contract liabilities	28	3,466	1,166
Lease liabilities	29	20,204	8,260
Advance payments from lease contracts	30	2,375	2,375
Income tax payable		10,420	13,094
		312,391	230,682
Net current assets		198,462	417,736
Total assets less current liabilities		3,224,282	3,069,922

Statement of Financial Position (Continued)

as at 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	29	313,113	321,997
Advance payments from lease contracts	30	10,094	12,469
Other payables	27	11	590
		323,218	335,056
Net assets			
		2,901,064	2,734,866
CAPITAL AND RESERVES			
Share capital	32	1,660,000	1,660,000
Reserves		1,241,064	1,074,866
Total equity			
		2,901,064	2,734,866

Zhou Tao
Director

Chen Zhou
Director

The notes on pages 88 to 151 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Profit before income tax	275,523	291,840
Adjustments for:		
Depreciation of property, plant and equipment (including right-of-use assets)	115,575	119,448
Depreciation of investment properties	7,775	7,774
Amortisation of intangible asset	614	471
Release of lease payments received in advance	(2,375)	(2,375)
Interest income	(7,956)	(11,133)
Finance costs	18,371	20,658
Impairment loss recognised on trade receivables, net	169	210
Impairment loss reversed on contract assets	(26)	(83)
Loss/(Gain) on disposal of property, plant and equipment	2,349	(4,087)
Gain on leases modification	–	(5,591)
Net unrealised gain on change in fair value of financial asset at FVTPL	(54)	–
Written-off of property, plant and equipment	2,476	–
Operating cash flows before working capital changes	412,441	417,132
Decrease/(Increase) in other non-current assets	134	(245)
Decrease in inventories	530	1,058
Increase in trade and other receivables	(28,177)	(27,869)
Decrease/(Increase) in bills receivables at FVTOCI	2,222	(1,850)
Decrease in contract assets	1,221	3,893
(Decrease)/Increase in trade and other payables	(11,458)	13,373
Increase/(Decrease) in contract liabilities	2,300	(3,536)
Cash generated from operations	379,213	401,956
Income tax paid	(75,031)	(75,486)
Net cash from operating activities	304,182	326,470
Cash flows from investing activities		
Payments and deposits placed for property, plant and equipment	(404,405)	(535,767)
Proceeds from disposal of property, plant and equipment	588	33,302
Payment for purchase of financial asset at FVTPL	(39,000)	–
Payments for intangible assets	(15,673)	–
Interest received	7,956	11,133
Net cash used in investing activities	(450,534)	(491,332)

Statement of Cash Flows (Continued)

for the year ended 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Cash flows from financing activities			
Proceeds from related parties	37	23,036	118
Repayment to related parties	37	–	(978)
Payment of lease liabilities	37	(19,153)	(17,664)
Interest paid	37	(18,371)	(20,658)
Dividends paid	16	(39,840)	(39,867)
Net cash used in financing activities		(54,328)	(79,049)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		608,747	852,658
Cash and cash equivalents at end of year, represented by bank balances and cash	26	408,067	608,747

The notes on pages 88 to 151 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2024

	Notes	Share capital RMB'000	Share premium* (note 33(a)) RMB'000	Capital reserve* (note 33(b)) RMB'000	Statutory reserve* (note 33(c)) RMB'000	Retained profits* RMB'000	Total RMB'000
Balance at 1 January 2023, as previously reported		1,660,000	105,245	159,077	83,748	545,537	2,553,607
Adjustment from the adoption of amendments to IAS 12		-	-	-	286	2,588	2,874
Balance at 1 January 2023, restated		1,660,000	105,245	159,077	84,034	548,125	2,556,481
Total comprehensive income for the year							
Profit and total comprehensive income for the year		-	-	-	-	218,252	218,252
Transactions with owners							
Appropriation for statutory reserve		-	-	-	21,689	(21,689)	-
Dividend paid	16	-	-	-	-	(39,867)	(39,867)
Total transactions with owners		-	-	-	21,689	(61,556)	(39,867)
Balance at 31 December 2023		1,660,000	105,245	159,077	105,723	704,821	2,734,866

Statement of Changes in Equity (Continued)

for the year ended 31 December 2024

	Notes	Share capital RMB'000	Share premium* (note 33(a)) RMB'000	Capital reserve* (note 33(b)) RMB'000	Statutory reserve* (note 33(c)) RMB'000	Retained profits* RMB'000	Total RMB'000
Balance at 1 January 2024		1,660,000	105,245	159,077	105,723	704,821	2,734,866
Total comprehensive income for the year							
Profit and total comprehensive income for the year		-	-	-	-	206,038	206,038
Transactions with owners							
Appropriation for statutory reserve		-	-	-	20,707	(20,707)	-
Dividend paid	16	-	-	-	-	(39,840)	(39,840)
Total transactions with owners		-	-	-	20,707	(60,547)	(39,840)
Balance at 31 December 2024		1,660,000	105,245	159,077	126,430	850,312	2,901,064

* The reserves accounts comprise the Company's reserves of RMB1,241,064,000 (2023: RMB1,074,866,000) in the statement of financial position.

The notes on pages 88 to 151 are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2024

1. GENERAL INFORMATION

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

The Company’s immediate holding company, Rizhao Port Co., Ltd. (“**Rizhao Port**”), is a joint stock company with limited liability incorporated in the PRC and its shares are listed for trading on the Main Board of Shanghai Stock Exchange (Stock Code: 600017). In the opinion of the directors, the ultimate holding company is Shandong Port Group Co., Ltd. (山東省港口集團有限公司, “**Shandong Port Group**”). Shandong Port Group is 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, and related supporting business.

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

The financial statements for the year ended 31 December 2024 were approved for issue by the board of directors on 28 March 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements have been prepared on the historical cost basis except for bills receivables and structured bank deposits which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Foreign currency translation

The financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.3 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below and cost of right-of-use assets as described in note 2.12) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The useful lives of each category of assets are as follows:

Buildings	10 – 40 years
Terminal facilities	50 years
Storage facilities	10 – 40 years
Loading equipment	8 – 15 years
Machinery equipment	8 – 12 years
Motor vehicles	6 years
Communication facilities and other equipment	5 – 8 years

Accounting policy for depreciation of right-of-use assets is set out in note 2.12.

Estimates of residual value, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Construction in progress represents properties, plant and equipment under construction and is stated at cost less any impairment losses. Cost includes cost of construction and other direct costs (such as costs of materials, direct labour and borrowing costs).

No provision for depreciation has been provided for construction in progress until such time relevant assets are available for use, at which time they will be transferred to appropriate category of property, plant and equipment.

2.4 Prepaid lease payments

Prepaid lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis over the term of the right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Company from use of the land.

2.5 Investment properties

Investment properties are terminal facilities which are owned or held under a leasehold interest (see note 2.12) to earn rental income/or for capital appreciation.

On initial recognition, investment property is measured at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation of investment properties is calculated on the straight-line basis over the expected useful life. The principal expected useful life for this purpose is as follows:

Terminal facilities	40 – 50 years
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Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Software	10 years
Patent	10 years
Rights to use sea area	40 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets with finite lives are tested for impairment as described below in note 2.16.

2.7 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The Company's financial assets are classified as financial assets at amortised cost, FVTPL, or fair value through other comprehensive income ("FVTOCI").

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Classification and initial measurement of financial assets (Continued)

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for expected credit losses (“**ECL**”) of trade and other receivables and contract assets which is presented on the face of the statement of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and other receivables and cash and cash equivalents fall into this category of financial instruments.

Financial assets at FVTOCI – recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement of financial assets (Continued)

Debt Investments (Continued)

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Financial liabilities

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and leases liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or other income.

Accounting policies of lease liabilities are set out in note 2.12.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of financial assets and contract assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL – the “ECL model”. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables and contract assets recognised and measured under IFRS 15.

The Company considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“**Stage 1**”) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“**Stage 2**”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables and contract assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. Note 39.4 set out the details of methodologies and assumptions used in estimating the loss allowance of trade receivables and contract assets.

Other financial assets measured at amortised cost and debt investments at FVTOCI

The Company measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of financial assets and contract assets (Continued)

Other financial assets measured at amortised cost and debt investments at FVTOCI (Continued)

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Detailed analysis of the ECL assessment of trade receivables, contract assets, other financial assets measured at amortised cost and debt investments at FVTOCI are set out in note 39.4.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Contract assets and contract liabilities

A contract asset is recognised when the Company recognises revenue (see note 2.15) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.8 and are reclassified to receivables when the right to the consideration has become unconditional (see note 2.7).

A contract liability is recognised when the customer pays consideration before the Company recognises the related revenue (see note 2.15). A contract liability would also be recognised if the Company has an unconditional right to receive consideration before the Company recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.7).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Leases

(a) Definition of a lease and the Company as a lessee

At inception of a contract, the Company considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

For contracts 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 and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Company is reasonably certain to obtain ownership at the end of the lease term. The Company also assesses the right-of-use assets for impairment when such indicator exists.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Leases (Continued)

(a) Definition of a lease and the Company as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payment of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise machinery equipment and small items of office equipment.

On the statement of financial position, right-of-use assets that do not meet the definition of investment property have been included in "property, plant and equipment". The prepaid lease payments for storage facilities are presented as right-of-use assets in "property, plant and equipment" under non-current assets.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Leases (Continued)

(b) The Company as a lessor

As a lessor, the Company classifies its leases as operating leases or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Company also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

2.13 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company, are also disclosed as contingent liability unless the probability of outflow of economic benefit is remote.

2.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued at the reporting date.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to such equity transaction.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue recognition

Revenue arises mainly from provision of facilities or services in port operations and gross rental income from properties under operating lease arrangement.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Company is an agent).

The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue recognition (Continued)

Principal versus agent (Continued)

The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Company acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Further details of the Company's revenue recognition policies are as follows:

Stevedoring service

Stevedoring service primarily involves bulk cargo, bulk grains, woodchips and dried tapioca. Stevedoring service is recognised over time for unloading the goods from vessels at rates per tonne of the goods handled as specified in the contract.

Storage service

The Company offers short-term storage service to meet the need of customers who require temporary storage for bulk cargos before they transport the cargos to the next destination. The storage service is recognised over time and charged at daily rates specified in the contract.

Port management services

The Company provides a variety of port-related services including berthing services and port facility security services. Port management services are recognised over time for vessel berthing at the berths and for the maintenance and repair of public facilities at the berths. The consideration for berthing service and port facility security services are charged at daily rates and rates per tonne of the goods handled, respectively, as specified in the contract.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Rental income

Rental income is recognised according to accounting policy as set out in note 2.12.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of non-financial assets (other than contract assets)

Property, plant and equipment (including right-of-use assets), deposits for purchase of property, plant and equipment, investment properties and intangible assets are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment losses is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

2.17 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through two kinds of retirement benefit plans including the basic pensions and the corporate annuity.

(a) Basic pensions

The Company's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retired, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees and included into the profit or loss for the corresponding period.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits (Continued)

Retirement benefits scheme (Continued)

(b) Corporate annuity

Employees who retire on and subsequent to 1 January 2016 enjoy the corporate annuity plan set up by the Company in accordance with State's Corporate Annuity Regulations apart from basic pensions. The annuity is accrued by the Company in proportion to the payroll and the expenditure is included into profit or loss for the corresponding period.

Early retirement benefits

The Company provides early retirement benefits to certain eligible staff. A provision is made for the estimated liability for early retirement benefits as a result of services rendered by employees up to the reporting date.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.18 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Accounting for income tax (Continued)

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Company applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Company recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Company has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Board of Directors of the Company for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a major of criteria.

2.20 Government subsidies

Government subsidies are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Company will comply with all attached conditions. Government subsidies are deferred and recognised in profit or loss over the period necessary to match them with the costs that the subsidies are intended to compensate. Government subsidies relating to the purchase of assets are included in liabilities as deferred government subsidies in the statement of financial position and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

Government subsidies relating to income is presented gross under "other income" in profit or loss.

2.21 Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

- (a) the party, is a person or a close member of that person's family and if that person,
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Related parties (Continued)

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Company are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

3. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

Amended IFRS Accounting Standards that are effective for annual periods beginning on 1 January 2024

In the current year, the Company has applied for the first time the following amended IFRS Accounting Standards as issued by the IASB, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the amended IFRS Accounting Standards had no material impact on how the results and financial position of the Company for the current and prior period have been prepared and presented.

Issued but not yet effective IFRS Accounting Standards

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

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²

- 1 Effective for annual periods beginning on or after 1 January 2025
- 2 Effective for annual periods beginning on or after 1 January 2026
- 3 Effective for annual periods beginning on or after 1 January 2027
- 4 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended IFRS Accounting Standards that are expected to have impact on the Company's accounting policies is provided below. Other new and amended IFRS Accounting Standards are not expected to have a material impact on the Company's financial statements.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

3. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS (CONTINUED)

Issued but not yet effective IFRS Accounting Standards (Continued)

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 “Presentation of Financial Statements”. It carries forward many of the existing requirements in IAS 1, with limited changes, and some IAS 1 requirements will be moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”.

IFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely “operating profits” and “profits before financing and income tax”), and classifying items into five newly defined categories (namely “operating”, “investing”, “financing”, “income tax” and “discontinued operation”), depending on the reporting entity’s main business activities, in the statement of profit or loss;
- disclosure of management-defined performance measures (“MPMs”) in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to IAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other IFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Company are still in the process of assessing the impact of IFRS 18, particularly with respect to the structure of the Company’s statement of profit or loss and other comprehensive income, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact of how information is grouped in the financial statements, including the items currently labelled as “other”.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation and impairment assessment of property, plant and equipment and investment properties

Property, plant and equipment and investment properties (notes 17 and 18 respectively) are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values, if any. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during the reporting period. The useful lives are based on the Company's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Property, plant and equipment and investment properties are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates on uncertain matters, such as the amount of tariffs which may have changed, the throughput capacity of the berths, etc. The impairment reviews and calculations are based on assumptions that are consistent with the Company's business plan. As at 31 December 2024, the carrying amounts of property, plant and equipment and investment properties were RMB2,729,856,000 and RMB271,897,000, respectively (2023: RMB2,338,678,000 and RMB279,672,000, respectively).

Provision for impairment of trade and other receivables and contract assets within the scope of ECL under IFRS 9

The Company makes allowances on items subject to ECL (including trade and other receivables, contract assets and other financial assets) based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 39.4. As at 31 December 2024, the aggregate carrying amounts of trade receivables amounted to RMB23,678,000 (net of ECL allowance of RMB483,000) (2023: trade receivable amounted to RMB15,612,000 (net of ECL allowance of RMB314,000) and contract assets amounted to RMB1,195,000 (net of ECL allowance RMB26,000)).

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Estimate uncertainty (Continued)

Provision for impairment of trade and other receivables and contract assets within the scope of ECL under IFRS 9 (Continued)

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL under IFRS 9 and credit losses in the periods in which such estimate has been changed.

4.2 Critical accounting judgment

Determination of the lease term in lease contracts and discount rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension options, or not exercise a termination option. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by the Company;
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Company's needs); and
- significance to the Company's operation.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), which in turn affect the carrying amounts of lease liabilities and corresponding right-of-use assets.

In determining the discount rate, the Company is required to exercise considerable judgment in relation to determining the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and effective date of the modification.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

5. REVENUE

The Company's principal activities are disclosed in note 1 to the financial statements. The Company's revenue recognised during the year is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers – Provision of services	770,132	748,865
Revenue from other sources – Rental income from investment properties	77,346	76,943
	847,478	825,808

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

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

	2024 RMB'000	2023 RMB'000
Types of services		
Stevedoring service	643,976	634,073
Storage service	103,893	94,772
Port management service	22,263	20,020
	770,132	748,865

6. SEGMENT INFORMATION

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

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

6. SEGMENT INFORMATION (CONTINUED)

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.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	N/A*	107,154
Customer B	191,126	104,982
Customer C	N/A*	98,282

* The customers contributed less than 10% of the total revenue for the year ended 31 December 2024.

7. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	7,956	11,133
Government subsidies (<i>note</i>)	308	288
Value-added tax credit	–	946
Exchange losses	(468)	(733)
Others	23	14
	7,819	11,648

Note:

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

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

8. OTHER (LOSSES) AND GAINS, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/Gain on disposal of property, plant and equipment	(2,349)	4,087
Loss on written-off of property, plant and equipment	(2,476)	–
Gain on leases modification	–	5,591
Net unrealised gain on change in fair value of financial asset at FVTPL	54	–
Others	870	187
	(3,901)	9,865

9. IMPAIRMENT LOSSES RECOGNISED, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Impairment loss recognised on trade receivables, net	169	210
Impairment loss reversed on contract assets, net	(26)	(83)
	143	127

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

10. PROFIT BEFORE INCOME TAX

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

	2024 RMB'000	2023 RMB'000
Rental income from investment properties	(77,346)	(76,943)
Less: direct operating expenses incurred from investment properties	7,775	7,774
Net rental income from investment properties	(69,571)	(69,169)
Auditor's remuneration	924	991
Depreciation:		
– Property, plant and equipment	86,963	92,917
– Right-of-use assets	28,612	26,531
– Investment properties	7,775	7,774
Amortisation of intangible assets (note)	614	471
Total depreciation and amortisation charged to profit or loss	123,964	127,693
Lease charges:		
– Short-term leases	1,614	9,039
– Leases of low-value items	68	40
– Variable lease payments	23,190	13,890
Directors' and supervisors' emoluments (note 11)	1,730	1,408
Other staff costs (excluded directors' and supervisors' emoluments):		
– Salaries, allowances and other benefits	62,435	62,581
– Retirement benefit scheme contributions	20,424	20,601
Total staff costs	84,589	84,590
Research and development costs recognised as expense (included in administrative expenses)	2,683	132

Note:

For the year ended 31 December 2024, except for amortisation of patent of RMB128,000 which is included in "Cost of sales", the remaining amounts are included in "Administrative expenses" of the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

Name	Notes	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contribution RMB'000	Total RMB'000
Year ended 31 December 2024						
<i>Executive directors</i>						
Mr. Qin Yuning	(ii)	-	-	-	-	-
Mr. Chen Zhou	(iii)	-	262	271	149	682
<i>Non-executive directors</i>						
Mr. Chen Lei	(iv)	-	-	-	-	-
Mr. Cui Liang	(v)	-	-	-	-	-
Mr. Fang Lei		-	-	-	-	-
Mr. Zhou Tao	(vi)	-	-	-	-	-
Mr. Seow Kok Leong Terence		-	-	-	-	-
Mr. Nyan Ming Ren Francis	(xii)	-	-	-	-	-
Ms. Liu Rong	(vii)	-	-	-	-	-
<i>Independent non-executive directors</i>						
Mr. Zhang Zixue		72	-	-	-	72
Mr. Lee Man Tai		72	-	-	-	72
Mr. Wu Xibin		72	-	-	-	72
<i>Supervisors</i>						
Mr. Gao Zhiyuan	(x)	-	117	187	122	426
Mr. Li Weiqing	(viii)	-	-	-	-	-
Mr. Tham Wai Kong		-	-	-	-	-
Ms. Feng Hui	(ix)	-	-	-	-	-
Mr. Cui Guanghui	(xi)	-	40	235	131	406
		216	419	693	402	1,730

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Name	Notes	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contribution RMB'000	Total RMB'000
Year ended 31 December 2023						
<i>Executive directors</i>						
Mr. Zhang Feng	(i)	-	-	-	-	-
Mr. Qin Yuning	(ii)	-	352	277	118	747
<i>Non-executive directors</i>						
Mr. Chen Lei		-	-	-	-	-
Mr. Cui Liang		-	-	-	-	-
Mr. Fang Lei		-	-	-	-	-
Mr. Seow Kok Leong Terence		-	-	-	-	-
Mr. Nyan Ming Ren Francis		-	-	-	-	-
<i>Independent non-executive directors</i>						
Mr. Zhang Zixue		72	-	-	-	72
Mr. Lee Man Tai		72	-	-	-	72
Mr. Wu Xibin		72	-	-	-	72
<i>Supervisors</i>						
Mr. Gao Zhiyuan		-	107	231	107	445
Mr. Li Weiqing		-	-	-	-	-
Mr. Tham Wai Kong		-	-	-	-	-
		216	459	508	225	1,408

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes:

- (i) Mr. Zhang Feng resigned as an executive director of the Company on 15 February 2023.
- (ii) Mr. Qin Yuning was appointed and resigned as an executive director of the Company on 15 February 2023 and 28 May 2024 respectively.
- (iii) Mr. Chen Zhou was appointed as an executive director of the Company on 28 May 2024.
- (iv) Mr. Chen Lei resigned as a non-executive director of the Company on 28 May 2024.
- (v) Mr. Cui Liang resigned as Chairman of the Board and a non-executive director of the Company on 28 May 2024.
- (vi) Mr. Zhou Tao was appointed as Chairman of the Board and a non-executive director of the Company on 28 May 2024.
- (vii) Ms. Liu Rong was appointed as a non-executive director of the Company on 28 May 2024.
- (viii) Mr. Li Weiqing resigned as a supervisor of the Company on 28 May 2024.
- (ix) Ms. Feng Hui was appointed as a supervisor of the Company on 28 May 2024.
- (x) Mr. Gao Zhiyuan retired as a supervisor of the Company on 19 November 2024.
- (xi) Mr. Cui Guanghui was appointed as a supervisor of the Company on 19 November 2024.
- (xii) Mr. Nyan Ming Ren Francis resigned as a non-executive director of the Company on 31 December 2024.

The executive directors' emoluments shown above were paid for their services in connection with the management of the operation affairs of the Company.

The supervisors' emoluments shown were paid for their services as supervisors.

Certain non-executive directors and supervisors did not receive any emoluments from the Company during the years ended 31 December 2024 and 2023. They received their emoluments from Rizhao Port and Jurong Port Rizhao Holding Pte Ltd (collectively "Shareholding Companies") because they hold positions at the Shareholding Companies.

The bonuses are discretionary and are determined by reference to the Company's and the individuals' performance.

No emoluments were paid by the Company to any directors as an inducement to join or upon joining the Company or as compensation for loss of office during the year (2023: nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2023: nil).

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

12. FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

The five individuals whose emoluments were the highest in the Company for the year include one (2023: one) director and nil (2023: nil) supervisor whose emoluments are reflected in the analysis presented above. The aggregate emoluments payable to the remaining four (2023: four) individuals during the year are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries and other emoluments	862	1,501
Discretionary bonuses	738	800
Retirement benefit scheme contributions	555	588
	2,155	2,889

The remuneration of the remaining four (2023: four) individuals fell within the following band:

	2024	2023
Nil – RMB1,000,000	4	4

No emoluments were paid by the Company to any of the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office during the year (2023: nil).

13. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest expense		
– Interest on lease liabilities	18,371	20,658

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

14. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax		
– PRC enterprise income tax (“EIT”)	72,357	75,038
Deferred tax (note 31)	(2,872)	(1,450)
	69,485	73,588

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

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and Provision for Implementation of the EIT Law, the tax rate of the Company is 25% for the years ended 31 December 2024 and 2023.

Reconciliation between income tax expense and accounting profit at applicable tax rate is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before income tax	275,523	291,840
Tax on profit before income tax of 25% (2023: 25%)	68,881	72,960
Tax effect of non-deductible expenses	604	628
Income tax expense	69,485	73,588

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

15. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2024 RMB'000	2023 RMB'000
Earnings		
Profit for the year attributable to the owners of the Company	206,038	218,252
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,660,000,000	1,660,000,000
	2024	2023
Basic earnings per share (RMB cents)	12.41	13.15

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2024 and 2023. Therefore, the diluted earnings per share are equal to the basic earnings per share.

16. DIVIDENDS

The Company declared and paid 2023 final dividends of RMB39,840,000 during the year ended 31 December 2024 (2023: RMB39,867,000). On 28 March 2025, the Board resolved to declare a final dividend of RMB0.030 (2023: RMB0.024) (tax inclusive) per share, totalling approximately RMB50,000,000 for the year ended 31 December 2024 to the Company's shareholders whose names appear on the register of members of the Company on 30 May 2025, subject to the consideration and approval on the same by shareholders at the forthcoming annual general meeting. This proposed dividend is not reflected as dividend payable in these financial statements.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Terminal facilities RMB'000	Storage facilities RMB'000	Loading equipment RMB'000	Machinery equipment RMB'000	Motor vehicles RMB'000	Communication facilities and other equipment RMB'000	Construction in progress RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023										
Cost	119,760	961,046	557,414	577,773	325,634	15,043	16,284	53,117	313,770	2,939,841
Accumulated depreciation	(55,155)	(169,794)	(200,767)	(430,004)	(244,002)	(6,846)	(12,323)	-	(78,474)	(1,197,365)
Net book amount	64,605	791,252	356,647	147,769	81,632	8,197	3,961	53,117	235,296	1,742,476
Year ended 31 December 2023										
Opening net book amount	64,605	791,252	356,647	147,769	81,632	8,197	3,961	53,117	235,296	1,742,476
Additions	44	-	174	3,730	953	-	731	506,767	199,192	711,591
Lease modification	-	-	-	-	-	-	-	-	33,274	33,274
Transfers	-	-	533	2,103	2,392	-	-	(5,028)	-	-
Disposals	-	-	(28,347)	(730)	(84)	(5)	(49)	-	-	(29,215)
Depreciation	(6,110)	(21,087)	(11,451)	(25,779)	(25,862)	(1,653)	(975)	-	(26,531)	(119,448)
Closing net book amount	58,539	770,165	317,556	127,093	59,031	6,539	3,668	554,856	441,231	2,338,678
At 31 December 2023 and 1 January 2024										
Cost	119,804	961,046	524,876	571,458	327,295	14,961	16,059	554,856	540,137	3,630,492
Accumulated depreciation	(61,265)	(190,881)	(207,320)	(444,365)	(268,264)	(8,422)	(12,391)	-	(98,906)	(1,291,814)
Net book amount	58,539	770,165	317,556	127,093	59,031	6,539	3,668	554,856	441,231	2,338,678
Year ended 31 December 2024										
Opening net book amount	58,539	770,165	317,556	127,093	59,031	6,539	3,668	554,856	441,231	2,338,678
Additions	50	-	-	3,436	2,703	-	504	483,260	22,213	512,166
Transfers	-	-	-	2,441	-	-	-	(2,441)	-	-
Disposals	-	(4,872)	(48)	(375)	(3)	(61)	(54)	-	-	(5,413)
Depreciation	(6,105)	(21,043)	(11,020)	(21,649)	(24,923)	(1,423)	(800)	-	(28,612)	(115,575)
Closing net book amount	52,484	744,250	306,488	110,946	36,808	5,055	3,318	1,035,675	434,832	2,729,856
At 31 December 2024										
Cost	119,854	954,813	524,732	572,601	329,945	13,748	15,487	1,035,675	562,350	4,129,205
Accumulated depreciation	(67,370)	(210,563)	(218,244)	(461,655)	(293,137)	(8,693)	(12,169)	-	(127,518)	(1,399,349)
Net book amount	52,484	744,250	306,488	110,946	36,808	5,055	3,318	1,035,675	434,832	2,729,856

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2024 and 2023, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation
	As at 31 December 2024 RMB'000	As at 1 January 2024 RMB'000	For the year ended 31 December 2024 RMB'000
Buildings	374	747	375
Terminal facilities	10,735	–	10,735
Storage yards	286,579	296,697	10,118
Storage facilities	8,044	10,725	2,681
Prepaid lease payments – storage facilities	1,313	1,750	438
Land use rights	125,859	129,610	3,750
Machinery equipment	1,928	1,702	515
	434,832	441,231	28,612

	Carrying amount		Depreciation
	As at 31 December 2023 RMB'000	As at 1 January 2023 RMB'000	For the year ended 31 December 2023 RMB'000
Buildings	747	1,121	374
Terminal facilities	–	10,445	10,445
Storage yards	296,697	184,706	9,383
Storage facilities	10,725	13,406	2,681
Prepaid lease payments – storage facilities	1,750	2,188	438
Land use rights	129,610	21,027	2,510
Machinery equipment	1,702	2,403	700
	441,231	235,296	26,531



Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2024, the total additions to right-of-use assets included in property, plant and equipment amounted to RMB22,213,000 (2023: total additions and lease modifications amounting to RMB199,192,000 and RMB33,274,000 respectively).

The details in relation to these leases are set out in note 29.

As at 31 December 2024, the net carrying amounts for buildings located in the PRC of RMB52,484,000 (2023: RMB58,539,000) were erected on storage yards under lease arrangement with intermediate holding company, Shandong Port Rizhao Port Group Co., Ltd (“**Rizhao Port Group**”) as set in note 29.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

18. INVESTMENT PROPERTIES

Terminal facilities
RMB'000

At 1 January 2023

Cost	399,318
Accumulated depreciation	(111,872)

Net book amount

287,446

Year ended 31 December 2023

Opening net book amount	287,446
Depreciation	(7,774)

Closing net book amount

279,672

At 31 December 2023 and 1 January 2024

Cost	399,318
Accumulated depreciation	(119,646)

Net book amount

279,672

Year ended 31 December 2024

Opening net book amount	279,672
Depreciation	(7,775)

Closing net book amount

271,897

At 31 December 2024

Cost	399,318
Accumulated depreciation	(127,421)

Net book amount

271,897

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

18. INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2024, the fair value of the Company's investment properties was RMB807,578,000 (2023: RMB722,660,000). The fair value has been arrived at on the basis of a valuation carried out by the management's expertise (2023: management's expertise) who have the relevant experience to determine the fair value of the Company's investment properties.

Taking into considerations that the underlying land use right of the investment properties is leased from the related party as detailed in note 29 and the lack of comparable market information for similar lease arrangement, the corresponding properties have been valued by the income approach with reference to future economic benefits to be derived from the properties using discounted cash flows method as at 31 December 2024 and 2023, which falls into the category of fair value measurement using significant unobservable inputs (Level 3) including discounted rate using capital asset pricing model. The directors of the Company are of the view that it is the best estimate of the fair value of these investment properties. The management considers income approach is more representative of fair value in the circumstances than cost approach.

Details of the investment properties

As at 31 December 2024 and 2023, the Company held investment properties as follows:

No.	Name of investment property	Location	Existing use	Term of leasehold land
1.	West-4	Shijiu Port Area, Rizhao City, Shandong Province, PRC	Berth	Medium-term
2.	Woodchips-2	Shijiu Port Area, Rizhao City, Shandong Province, PRC	Berth	Medium-term
3.	Woodchips-3	Shijiu Port Area, Rizhao City, Shandong Province, PRC	Berth	Medium-term
4.	West-1	Shijiu Port Area, Rizhao City, Shandong Province, PRC	Berth and storage yard	Medium-term

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

19. INTANGIBLE ASSETS

	Software RMB' 000	Patent RMB' 000	Rights to use sea area RMB' 000	Total RMB' 000
At 1 January 2023				
Cost	5,267	–	18	5,285
Accumulated amortisation	(1,979)	–	(4)	(1,983)
Net book amount	3,288	–	14	3,302
Year ended 31 December 2023				
Opening net book amount	3,288	–	14	3,302
Amortisation	(470)	–	(1)	(471)
Closing net book amount	2,818	–	13	2,831
At 31 December 2023 and 1 January 2024				
Cost	5,267	–	18	5,285
Accumulated amortisation	(2,449)	–	(5)	(2,454)
Net book amount	2,818	–	13	2,831
Year ended 31 December 2024				
Opening net book amount	2,818	–	13	2,831
Additions	223	15,450	–	15,673
Amortisation	(485)	(128)	(1)	(614)
Closing net book amount	2,556	15,322	12	17,890
At 31 December 2024				
Cost	5,490	15,450	18	20,958
Accumulated amortisation	(2,934)	(128)	(6)	(3,068)
Net book amount	2,556	15,322	12	17,890

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

20. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 <i>RMB'000</i>
Taxes prepaid for rental income from properties under operating lease arrangement (<i>note</i>)	704	839
Other	380	379
	1,084	1,218

Note:

Taxes prepaid represents the business tax and surcharges paid related to the advance receipt of lease payments as set out in note 30.

21. INVENTORIES

	2024 RMB'000	2023 <i>RMB'000</i>
Low value consumables, at cost	1,081	1,611

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

22. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables		
– Due from related parties (note 36(c))	2,333	6,918
– Due from third parties	21,828	9,008
	24,161	15,926
Less: ECL allowance of trade receivables	(483)	(314)
	23,678	15,612
Prepayments	–	192
Value-added tax receivables	37,495	17,361
	37,495	17,553
Total trade and other receivables	61,173	33,165

The directors of the Company consider that the fair values of the trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

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

	2024 RMB'000	2023 RMB'000
0 – 30 days	23,678	12,397
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	–	3,215
	23,678	15,612

The movement in the ECL allowance of trade receivables is as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	314	104
ECL allowance recognised during the year	169	210
Balance at 31 December	483	314

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

23. BILLS RECEIVABLES AT FVTOCI

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

	2024 RMB'000	2023 <i>RMB'000</i>
Within 3 months	478	1,700
Over 3 months but within 6 months	1,000	2,000
	1,478	3,700

As at 31 December 2024, the Company had transferred to suppliers by endorsing the bills receivables of RMB2,469,000 (2023: RMB800,000). As those bills are issued by banks with high credit ratings assigned by international credit-rating agencies, the directors of the Company had assessed and satisfied that the Company had transferred substantially all of the risks and rewards relating to those bills. The Company had derecognised the full carrying amount of the bills receivables and the corresponding trade payables.

At 31 December 2024, the Company transferred certain bills receivables accepted by banks with a carrying amount of RMB1,478,000 (2023: RMB3,700,000) to certain of its suppliers. In the opinion of the directors, the Company has retained the substantial risks and rewards, which include default risks relating to such bills transferred, and accordingly, it continued to recognise the full carrying amount of these bills transferred and the associated payables settled.

The fair value measurements of the Company's bills receivables has been measured as described in note 39.5.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

24. FINANCIAL ASSET AT FVTPL

	2024 RMB'000	2023 RMB'000
Structured bank deposit	39,054	–

The movements of financial asset at FVTPL are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	–	–
Addition	39,000	–
Net changes in fair value	54	–
At 31 December	39,054	–

As at 31 December 2024, the Company held a principal-guaranteed structured deposit product issued by a bank in the principal amount of RMB39,000,000 with maturity period of 3 months. The floating yield of the product is linked to the spot gold price traded against US dollar, which may vary at 1.40% or 2.42% per annum. The contractual terms of the structured bank deposit product give rise on specified date to cash flows are not solely payments of principal and interest on the principal amount outstanding. Accordingly, the structured bank deposit product is classified as financial asset at FVTPL.

25. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Provision of stevedoring service	–	1,221
Less: ECL allowance of contract assets	–	(26)
	–	1,195

The contract assets primarily relate to the Company's right to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the corresponding billing is issued. There was no work completed but not yet billed at 31 December 2024.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

25. CONTRACT ASSETS (CONTINUED)

The movement in the ECL allowance of contract assets is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Balance at 1 January	26	109
ECL allowance reversed during the year	(26)	(83)
Balance at 31 December	—	26

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents balances carried interest at prevailing market interest rates ranging from 0.1% to 1.35% (2023: from 0.2% to 1.75%) per annum during the year ended 31 December 2024. All cash and cash equivalents balances are denominated in RMB.

At 31 December 2024, cash and cash equivalents balances comprised of cash deposited in Shandong Port Group Finance Co., Ltd. (山東港口集團財務有限責任公司) (“**SPG Finance**”), amounting to RMB353,257,000 (2023: RMB358,423,000).

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

27. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables		
– Due to related parties (<i>note 36(c)</i>)	6,594	6,450
– Due to third parties	8,094	19,732
	14,688	26,182
Other payables		
– Amounts due to related parties (<i>note 36(c)</i>)	242,259	161,241
– Other tax payables	787	991
– Payroll payables (<i>note</i>)	10,496	9,594
– Retention payable due within one year	3,083	3,738
– Other payables	4,624	4,631
	261,249	180,195
Total trade and other payables	275,937	206,377
Less: Classified as non-current liabilities	(11)	(590)
Current portion of trade and other payables	275,926	205,787

Note:

Included in payroll payables were early retirement benefits for employees of RMB497,000 and RMB11,000 (2023: RMB1,438,000 and RMB590,000) classified as current and non-current liabilities respectively.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 – 30 days	14,474	22,789
31 – 60 days	–	1,016
61 – 90 days	–	1,726
Over 90 days	214	651
	14,688	26,182

All amounts are short-term and hence the carrying values of the Company's trade and other payables are considered to be a reasonable approximation of fair value.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

28. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Amounts received in advance		
– Provision of services	3,466	1,166

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

The increase in contract liabilities as at 31 December 2024 was due to increase in advance payments received from contract customers (2023: decrease in contract liabilities was due to decrease in advance payments received from contract customers).

There was no revenue recognised in the reporting period that related to performance obligation that were satisfied in prior year. The contracts with customers in respect of the above contract liabilities have an original expected duration of less than one year and all consideration from contracts with customers have been included in the transaction price. The analysis on remaining performance obligations is therefore not presented.

Contract liabilities outstanding at the beginning of the year amounting to RMB1,166,000 (2023: RMB4,491,000) have been recognised as revenue during the year.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

29. LEASE LIABILITIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total minimum lease payments (include renewal option that are reasonably certain to be exercised):		
Due within 1 year	37,702	25,895
Due within 1 to 2 years	26,070	26,292
Due within 2 to 5 years	68,945	73,208
Due more than 5 years	552,176	573,707
	684,893	699,102
Less: future lease liabilities finance charges	(351,576)	(368,845)
Present value of lease liabilities	333,317	330,257
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Present value of minimum lease payments:		
Due within 1 year	20,204	8,260
Due within 1 to 2 years	9,269	9,067
Due within 2 to 5 years	21,166	24,222
Due more than 5 years	282,678	288,708
	333,317	330,257
Less: payment due within 1 year (presented under current liabilities)	(20,204)	(8,260)
Payment due after 1 year	313,113	321,997

Note: Included in the above balance, the present value of RMB320,631,000 (2023: RMB328,807,000), RMB979,000 (2023: RMB1,450,000) and RMB10,960,000 (2023: nil) with total minimum lease payments of RMB671,729,000 (2023: RMB697,452,000), RMB1,093,000 (2023: RMB1,650,000) and RMB11,211,000 (2023: nil) represent lease liabilities payable to Rizhao Port Group, Rizhao Port Handling and Rizhao Port Container, respectively.

During the year ended 31 December 2024, the total cash outflow for the leases are RMB62,396,000 (2023: RMB61,291,000).

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

29. LEASE LIABILITIES (CONTINUED)

As at 31 December 2024, lease liabilities amounting to RMB333,317,000 (2023: RMB330,257,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Company.

Details of the lease activities

As at 31 December 2024 and 2023, the Company has entered into leases for the items listed as follows:

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Buildings	Property, plant and equipment	1 (2023: 1)	1 year (2023: 2 years)	<ul style="list-style-type: none"> Only subject to monthly fixed rental payment
Terminal facilities	Property, plant and equipment	1 (2023: nil)	1 year (2023: nil)	<ul style="list-style-type: none"> Contract contains an option to terminate the lease by giving one month notice to the landlord Variable lease payments of 50% annual revenue generated by the terminal facilities
Storage yards	Property, plant and equipment	3 (2023: 3)	18.1 to 36.2 years (2023: 19.1 to 37.2 years)	<ul style="list-style-type: none"> Contracts contain an option to renew the lease for additional 30 years on the expiry of the original contracts Only subject to monthly fixed rental payment
Storage facilities	Property, plant and equipment	1 (2023: 1)	3 years (2023: 4 years)	<ul style="list-style-type: none"> Only subject to yearly fixed rental payment
Prepaid lease payments – storage facilities	Property, plant and equipment	2 (2023: 2)	3 years (2023: 4 years)	<ul style="list-style-type: none"> All lease payments were prepaid upon entering the contracts
Land use rights in PRC	Property, plant and equipment	7 (2023: 7)	28.7 to 33.6 years (2023: 29.7 to 34.6 years)	<ul style="list-style-type: none"> All lease payments were prepaid upon obtained the land use rights certificate
Machinery equipment	Property, plant and equipment	2 (2023: 3)	2.42 years (2023: 3.42 years)	<ul style="list-style-type: none"> Only subject to yearly fixed rental payment
Motor vehicles	Property, plant and equipment	1 (2023: nil)	3.9 years (2023: nil)	<ul style="list-style-type: none"> Only subject to yearly fixed rental payment

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

29. LEASE LIABILITIES (CONTINUED)

Details of the lease activities (Continued)

The Company considered the renewal option of buildings, storage yards, storage facilities, machinery equipment and motor vehicles are reasonably certain to be exercised because the leases are critical to the Company's main operation. The Company considered that no extension option or termination option in the other lease contracts would be exercised at the lease commencement date.

30. ADVANCE PAYMENTS FROM LEASE CONTRACTS

	2024 RMB'000	2023 RMB'000
Lease payments received in advance	12,469	14,844
Less: Classified as current liabilities		
– Advance payments from lease contract	(2,375)	(2,375)
Non-current portion of lease payments	10,094	12,469

31. DEFERRED TAX

The movement during the year in the deferred tax (liabilities)/assets is as follows:

	Right-of-use assets and lease liabilities RMB'000	Loss allowance for receivables and contract assets RMB'000	Accrued expenses RMB'000	Temporary difference arising from depreciation of property, plant and equipment RMB'000	Total RMB'000
At 1 January 2023, restated	2,874	52	1,002	(3,877)	51
Credited to profit or loss (note 14)	413	33	(495)	1,499	1,450
At 1 January 2023 and 1 January 2024	3,287	85	507	(2,378)	1,501
Credited to profit or loss (note 14)	1,323	36	1	1,512	2,872
At 31 December 2024	4,610	121	508	(866)	4,373

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

32. SHARE CAPITAL

	Domestic shares	H shares	Number of shares	RMB'000
Issued and fully paid-up ordinary shares with par value of RMB1 each				
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	840,000,000	820,000,000	1,660,000,000	1,660,000

33. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the shares of the Company over its par value.

(b) Capital reserve

The capital reserve represents the transfer of retained earnings and statutory reserve of the Company upon conversion to a joint stock limited liability company in the PRC in 2018.

(c) Statutory reserve

In accordance with the relevant laws and regulations for the Company, it is required to transfer at least 10% of its annual net profit determined in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory reserve. When the balance of such a reserve reaches 50% of the registered capital of the respective company, any further appropriation is at the discretion of shareholders. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory reserve is non-distributable.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

34. LEASE ARRANGEMENT

As lessor

At 31 December 2024 and 2023, the Company had future aggregate minimum lease receivables under operating leases in respect of premises as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	73,942	73,942
After one year but with two years	73,942	73,942
After two years but within three years	73,941	73,942
After three years but within four years	73,941	73,941
After four years but within five years	73,942	73,941
Over five years	47,134	121,076
	416,842	490,784

Operating lease receivables represent rental receivables by the Company for its properties under operating lease arrangements. Lease are negotiated with fixed lease term ranging from 17 to 30 years (including renewal periods).

35. CAPITAL COMMITMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	272,451	639,717

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

36. CONNECTED AND RELATED PARTY TRANSACTIONS

The Company's accounting policies on related parties are disclosed in note 2.21. In addition to the transactions/information disclosed elsewhere in these financial statements, during the year, the Company had the following material transactions with related parties:

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

Name of related parties	Relationship with the Company
Rizhao Port Group	Intermediate holding company
Rizhao Port	Immediate holding company
Rizhao Port Information Technology Co., Ltd.# (日照口岸信息技術有限公司) (“ Rizhao Port Information ”)	Fellow subsidiary of the Company
Rizhao Port Power Engineering Co., Ltd.# (日照港動力工程有限公司) (“ Rizhao Port Power ”)	Fellow subsidiary of the Company
Shandong Gangwan Construction Group Co., Ltd.# (山東港灣建設集團有限公司) (“ Shandong Gangwan ”)	Fellow subsidiary of the Company
Rizhao Port Machinery Engineering Co., Ltd.# (日照港機工程有限公司) (“ Rizhao Port Machinery ”)	Fellow subsidiary of the Company
Shandong Port Technologies Group Rizhao Co., Ltd.# (山東港口科技集團日照有限公司) (“ Shandong Technologies ”)	Fellow subsidiary of the Company
Rizhao Port Handling Co., Ltd.# (日照海港裝卸有限公司) (“ Rizhao Port Handling ”)	Fellow subsidiary of the Company
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 ”)	Fellow subsidiary of the Company
Rizhao Port Container Development Co., Ltd.# (日照港集裝箱發展有限公司) (“ Rizhao Port Container ”)	Fellow subsidiary of the Company
Shandong Lanxiang Construction Engineering Co. Ltd.# (山東藍象建築工程有限公司) (“ Shandong Lanxiang ”)	Fellow subsidiary of the Company
Rizhao Port Lanshan Port Services Co., Ltd.# (日照港股份有限公司嵐山港務有限公司) (“ Rizhao Port Lanshan ”)	Fellow subsidiary of the Company
Shandong Port International Trade Group Rizhao Co., Ltd.# (山東港口國際貿易集團日照有限公司) (“ Shandong Port International Trade Rizhao Company ”)	Fellow subsidiary of the Company
Qingdao Port Equipment Manufacturing Co., Ltd.# (青島港口裝備製造有限公司) (“ Qingdao Port Equipment ”)	Fellow subsidiary of the Company
Shandong Port Group	Ultimate holding company
Rizhao Port Development Co., Ltd.# (日照港發展有限公司) (“ Rizhao Port Development ”)	Fellow subsidiary of the Company
Shandong Port Equipment Group Rizhao Port Co., Ltd.# (山東陸海裝備集團有限公司)	Fellow subsidiary of the Company
SPG Finance (<i>note</i>)	Fellow subsidiary of the Company

The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

36. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

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

		2024	2023
		RMB' 000	RMB' 000
Rizhao Port Group	Interest paid on lease liabilities	17,578	20,271
Rizhao Port Group	Procurement of logistics service (note)	13,711	13,494
Rizhao Port Group	Stevedoring and port related service income (note)	943	13,077
Rizhao Port Group	Procurement of port related services (note)	28,280	33,109
Rizhao Port Group	Acquisition of land-use-rights	–	107,856
Rizhao Port	Procurement of utility services and berth leasing expense (note)	1,350	598
Rizhao Port	Interest paid on lease liabilities	701	277
Rizhao Port	Procurement of port related services (note)	22,788	12,151
Rizhao Port	Proceeds on disposal of assets	–	31,364
Rizhao Port Container	Berth leasing income (note)	7,704	7,595
Rizhao Port Container	Procurement of utility services and berth leasing expense (note)	20,421	13,890
Shandong Gangwan	Procurement of construction service (note)	434,453	539,847
Shandong Port Land-sea	Stevedoring and port related service income (note)	354	–
Rizhao Port Handling	Procurement of port related services (note)	28,510	30,894
Rizhao Port Handling	Interest paid on lease liabilities	87	110
Rizhao Zhongran Marine Fuel	Procurement of utility services (note)	–	6,582
Rizhao Port Power	Procurement on utility services (note)	25,495	24,985
SPG Finance	Interest income (note)	4,778	3,600
Rizhao Port Lanshan	Procurement of port related services (note)	48,327	7,460
Qingdao Port Equipment	Procurement of construction service	–	12,368

Note: The related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are disclosed in "Directors' Report" section to the annual report.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

36. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances

Amounts due to related parties (non-trade nature)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rizhao Port Machinery	62	49
Shandong Technologies	17	62
Shandong Gangwan	240,421	160,652
Shandong Port Equipment	159	–
Rizhao Port Group	1,428	434
Shandong Lanxiang	106	5
Rizhao Port Power	66	39
	242,259	161,241

Amounts due from related parties (trade nature)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rizhao Port Group	961	1,171
Rizhao Port	1,083	164
Rizhao Port Container	289	5,583
	2,333	6,918

Amounts due to related parties (trade nature)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rizhao Port	3,880	500
Rizhao Port Container	150	43
Rizhao Port Group	255	1,189
Shandong Port Group	–	15
Shandong Lanxiang	981	3,608
Rizhao Port Machinery	–	1,095
Shandong Gangwan	1,328	–
	6,594	6,450

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

36. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances (Continued)

Prepayment to a related party for procurement on utility services

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rizhao Zhongran Marine Fuel	–	78

Lease liabilities

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rizhao Port Container	10,960	–
Rizhao Port Handling	979	1,450
Rizhao Port Group	320,631	328,807
	332,570	330,257

Right-of-use assets – Prepaid lease payments

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rizhao Port Group	1,313	1,750

The amounts due are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

36. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Cash and cash equivalents balances placed with a related party

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
SPG Finance	353,257	358,423

(e) Compensation of key management personnel

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, allowances and benefits in kind	2,714	3,452
Pension contributions	956	903
	3,670	4,355

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company arising from financing activities can be classified as follows:

	Amounts due to related parties RMB'000	Lease liabilities RMB'000	Total RMB'000
1 January 2024	161,241	330,257	491,498
Financing cash-flows:			
– Proceeds	23,036	–	23,036
– Capital element of lease rentals paid	–	(19,153)	(19,153)
– Interest element of lease rentals paid	–	(18,371)	(18,371)
Non-cash transactions:			
– Interest expenses	–	18,371	18,371
– Entering into a new lease	–	22,213	22,213
– Increase in construction payable	57,982	–	57,982
31 December 2024	242,259	333,317	575,576
1 January 2023	48,103	232,138	280,241
Financing cash-flows:			
– Repayment	(978)	–	(978)
– Proceeds	118	–	118
– Capital element of lease rentals paid	–	(17,664)	(17,664)
– Interest element of lease rentals paid	–	(20,658)	(20,658)
Non-cash transactions:			
– Interest expenses	–	20,658	20,658
– Entering into a new lease	–	88,100	88,100
– Leases modification	–	27,683	27,683
– Increase in construction payable	113,998	–	113,998
31 December 2023	161,241	330,257	491,498

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

38. NON-CASH TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the financial statements, during the year, the Company had the following major non-cash transactions:

- (i) During the year ended 31 December 2024, the Company entered into lease contracts in which additions to right-of-use assets and lease liabilities amounting to RMB22,213,000 (2023: RMB88,100,000) was recognised at the lease commencement date.
- (ii) During the year ended 31 December 2023, the Company entered into lease modification agreements which reduce the leased space plus changing the considerations. The effect of lease modifications increase right-of-use assets and lease liabilities at date of lease modification amounting to RMB33,274,000 and RMB27,683,000 respectively, with a gain on modification of leases amounting to RMB5,591,000.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

In light of the simplicity of the operations, the risk management of the Company is carried out by the board of directors (the "**Board**") directly. The Board generally adopts conservative strategies on its risk management and limits the Company's exposure to these risks to a minimum.

There has been no change to the types of the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

39.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables	23,678	15,612
– Cash and cash equivalents	408,067	608,747
Financial assets at FVTOCI		
– Bills receivables at FVTOCI	1,478	3,700
Financial asset at FVTPL		
– Structured bank deposit	39,054	–
	472,277	628,059
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	275,150	205,386
– Lease liabilities	333,317	330,257
	608,467	535,643

39.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value interest rate risk in relation to lease liabilities. The Company is also exposed to cash flow interest rate risk in relation to floating-rate balances deposited with banks and financial institution. No sensitivity analysis was prepared for bank balances as the financial impact arising on changes in interest rates was minimal due to limited changes in interest rate. The Company currently does not have any interest rate hedging policy. The Company manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

39.3 Liquidity risk

Liquidity risk refers to the risk in which the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Company's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The management of the Company monitors the Company's cash flow positions on a regular basis to ensure the cash flows of the Company are positive and strictly controlled. The Company aims to maintain flexibility and shareholders' capital contributions in funding by keeping committed credit limits available.

The following table details the Company's remaining contract period for its non-derivative financial liabilities based on the agreed repayment terms or the estimated repayment schedule if certain covenant is breached. The table has been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows:

	Within 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted amount RMB'000	Carrying amount RMB'000
At 31 December 2024						
Trade and other payables	275,139	11	–	–	275,150	275,150
Lease liabilities	37,702	26,070	68,945	552,176	684,893	333,317
	312,841	26,081	68,945	552,176	960,043	608,467
At 31 December 2023						
Trade and other payables	204,796	590	–	–	205,386	205,386
Lease liabilities	25,895	26,292	73,208	573,707	699,102	330,257
	230,691	26,882	73,208	573,707	904,488	535,643

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

39.4 Credit risk

Credit risk refers to the risk that a customer or counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

The Company's maximum exposure to credit risk on recognised financial assets is limited to their carrying amounts as disclosed in note 39.1.

(i) Trade receivables and contract assets

The Company trades only with recognised and creditworthy customers. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover balances.

The Company has applied the simplified approach in IFRS 9 to measure the impairment loss at lifetime ECL. The Company determines that the ECL on these items is estimated on an individual basis for customers with significant balance based on historical credit loss experience during the period. At each reporting date, the historical default rates are updated based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off trade receivables and contract assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. For years ended 31 December 2024 and 2023, none of the trade receivables and contract assets that had been written off as the directors of the Company assessed that no counterparties were in severe financial difficulty and the prospect of recovery was still realistic.

In order to minimise credit risk, the Company has tasked its operation management committee to develop and maintain the Company's credit risk rating to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

39.4 Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The following table provides information about the exposure to credit risk for gross trade receivables and contract assets which are assessed on an individual basis for customers with significant balance as at 31 December 2024 and 2023 within lifetime ECL (not credit impaired).

Internal credit rating

	Average loss rate %	Trade receivables RMB'000	Contract assets RMB'000
At 31 December 2024			
Low risk	0.11%–2.07%	24,161	–
Watch list	5.75%	–	–
		24,161	–
At 31 December 2023			
Low risk	0.13%–2.20%	10,344	1,221
Watch list	5.99%	5,582	–
		15,926	1,221

Notes to the Financial Statements (Continued)

for the year ended 31 December 2024

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

39.4 Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

Internal credit rating (Continued)

The Company's credit risk grading framework in respect of financial assets other than trade receivables comprises the following categories:

Internal credit rating	Description	Basis for recognising ECL
Low risk	The debtor has historically made payments on time, and has a low risk of default	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date or the turnover days of debtor exceeds the credit term granted	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

(ii) Other financial assets

Other financial assets at amortised cost include cash and cash equivalents and at FVTOCI include bills receivables.

The credit risk on cash and cash equivalents are considered to be insignificant as the counterparties are banks with high credit ratings and a fellow subsidiary of the Company which only provides financial services to counterparties with high credit rating. The directors continuously monitor the quality and financial conditions of this counterparty.

The credit risk on bills receivables at FVTOCI is considered to be insignificant as the counterparties are mainly reputable or medium size banks and the risk of inability to pay or redeem at the due date is low.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

39.5 Fair values measurements of financial instruments

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial assets is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 31 December 2024 and 2023, the Company had Level 2 structured bank deposits measured at FVTPL and Level 3 bills receivables measured at FVTOCI. There were no transfers between Levels 1, 2 and 3 during the years ended 31 December 2024 and 2023.

The fair values of financial assets at FVTOCI are determined using discounted cash flow at a discount rate that reflects the current borrowing rate at the end of the reporting period. The director of the Company considers the fluctuation in the discount rate would not result in a significant change in the fair value.

The fair value of structured bank deposit is determined by using a discounted cash flow valuation model that use observable inputs such as the commodity price that are observable at commonly quoted intervals.

40. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to operate continuously and maximise the return to owners of the Company through the optimisation of the balance between debt and equity. The Company's overall strategy remains unchanged throughout the years ended 31 December 2024 and 2023.

The capital structure of the Company consists of net debt, which includes lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued capital and reserves.

The management of the Company reviews the capital structure from time to time. As a part of this review, the management of the Company considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Company, the Company will balance its overall capital structure through the payment of dividends, the issue of new shares or new debts or the redemption of existing debts.

Five-Year Financial Summary

	Year ended 31 December				2024 RMB'000
	2020 RMB'000	2021 RMB'000	2022 RMB'000 (Restated) (note)	2023 RMB'000	
Results					
Revenue	615,318	758,421	833,490	825,808	847,478
Profit before income tax	201,839	226,069	269,422	291,840	275,523
Taxation	(50,710)	(57,773)	(68,172)	(73,588)	(69,485)
Profit for the year	151,129	168,296	201,250	218,252	206,038
As at 31 December					
	2020 RMB'000	2021 RMB'000	2022 RMB'000 (Restated) (note)	2023 RMB'000	2024 RMB'000
Assets and liabilities					
Total assets	2,502,564	2,732,604	2,904,297	3,300,604	3,536,673
Total liabilities	(277,252)	(338,996)	(347,816)	(565,738)	(635,609)
	2,225,312	2,393,608	2,556,481	2,734,866	2,901,064
Capital and reserves					
Capital and reserves					
Share capital	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000
Reserves	565,312	733,608	896,481	1,074,866	1,241,064
Total equity	2,225,312	2,393,608	2,556,481	2,734,866	2,901,064

Note: As result of the adoption of IAS12 "Income Taxes" ("IAS12") with effect from 1 January 2023, the Company changed its accounting policies in respect of deferred tax recognition. Figures in 2022 in the Five-Year Financial Summary have been adjusted for the effects of the adoption of IAS12 as detailed in Note 3 to the financial statements.