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

(Stock Code: 6117)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Director(s)**”) of Rizhao Port Jurong Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2021, which are set out below.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	416,000	343,640
Cost of sales		<u>(262,797)</u>	<u>(209,941)</u>
Gross profit		153,203	133,699
Other income	4	16,940	4,135
Impairment losses reversed		621	376
Selling and distribution expenses		(2,104)	(2,847)
Administrative expenses		(8,293)	(6,669)
Finance costs	5	<u>(10,914)</u>	<u>(10,134)</u>
Profit before income tax	6	149,453	118,560
Income tax expense	7	<u>(36,899)</u>	<u>(29,795)</u>
Profit and total comprehensive income attributable to the owners of the Company for the period		<u>112,554</u>	<u>88,765</u>
Earnings per share attributable to the owners of the Company for the period			
– Basic and diluted (<i>expressed in RMB cents</i>)	9	<u>6.78</u>	<u>5.35</u>

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	1,738,471	1,797,815
Deposits for purchase of property, plant and equipment		–	915
Investment properties	11	291,334	295,221
Intangible assets		2,659	2,806
Other non-current assets		2,823	1,107
		<u>2,035,287</u>	<u>2,097,864</u>
Current assets			
Inventories		2,587	3,350
Trade and other receivables	12	4,299	31,876
Bills receivables at fair value through other comprehensive income (“FVTOCI”)	13	2,000	3,361
Contract assets		2,013	3,484
Cash and cash equivalents		804,092	592,669
		<u>814,991</u>	<u>634,740</u>

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and other payables	14	60,291	43,032
Contract liabilities	15	5,287	14,320
Lease liabilities	16	13,583	13,260
Advance payments from lease contract	17	2,375	2,375
Income tax payable		14,907	11,570
		<u>96,443</u>	<u>84,557</u>
Net current assets		<u>718,548</u>	<u>550,183</u>
Total assets less current liabilities		<u>2,753,835</u>	<u>2,648,047</u>
Non-current liabilities			
Lease liabilities	16	227,542	232,920
Advance payments from lease contract	17	16,031	17,219
Deferred tax liabilities		4,100	4,300
		<u>247,673</u>	<u>254,439</u>
Net assets		<u><u>2,506,162</u></u>	<u><u>2,393,608</u></u>
CAPITAL AND RESERVES			
Share capital	18	1,660,000	1,660,000
Reserves		846,162	733,608
Total equity		<u><u>2,506,162</u></u>	<u><u>2,393,608</u></u>

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2022 (Audited)	1,660,000	105,245	159,077	63,466	405,820	2,393,608
Total comprehensive income for the period						
Profit and total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,554</u>	<u>112,554</u>
Balance at 30 June 2022 (Unaudited)	<u><u>1,660,000</u></u>	<u><u>105,245</u></u>	<u><u>159,077</u></u>	<u><u>63,466</u></u>	<u><u>518,374</u></u>	<u><u>2,506,162</u></u>
Balance at 1 January 2021 (Audited)	1,660,000	105,245	159,077	46,608	254,382	2,225,312
Total comprehensive income for the period						
Profit and total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,765</u>	<u>88,765</u>
Balance at 30 June 2021 (Unaudited)	<u><u>1,660,000</u></u>	<u><u>105,245</u></u>	<u><u>159,077</u></u>	<u><u>46,608</u></u>	<u><u>343,147</u></u>	<u><u>2,314,077</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

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

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

The Company is primarily engaged in port operation in Rizhao City, Shandong Province of the PRC, providing comprehensive port-related services, including stevedoring, berth leasing, port management, storage, and logistics agency services, primarily covering grain, woodchips, dried tapioca and, to a lesser extent, other cargo including maize and wheat.

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2021.

The accounting policies and calculations used in preparing the condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021, except for the amended International Financial Reporting Standards (“**IFRSs**”) (collectively “**amended IFRSs**”) issued by IASB and become effective during the current accounting period. The adoption of the amended IFRSs has no material impact on the accounting policies in the Company's condensed interim financial statements for the period.

3. REVENUE

	For the six months ended	
	30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers –		
Provision of services	379,788	305,344
Revenue from other sources – Rental income		
from investment properties	36,212	38,296
	416,000	343,640

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of services		
Stevedoring service	296,957	266,541
Storage service	53,694	16,387
Port management service	12,741	8,485
Logistics agency service	16,396	13,931
Total	379,788	305,344
Timing of revenue recognition		
Over time	363,392	291,413
At a point in time	16,396	13,931
Total	379,788	305,344

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

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

Geographic information

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

Information about major customers

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	(Note ii)	37,699
Customer B	64,882	(Note i)
Customer C	47,883	(Note i)

Note i: The Company had transactions with these customers but the amount of the transactions was less than 10% of revenue for the six months ended 30 June 2021.

Note ii: The Company had transactions with this customer but the amount of the transactions was less than 10% of revenue for the six months ended 30 June 2022.

4. OTHER INCOME

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income	5,129	2,534
Government grants (<i>note i</i>)	–	1,210
Value-added tax credit (<i>note ii</i>)	11,680	141
Others	131	250
Total	16,940	4,135

Note i: 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.

Note ii: From 1 October 2019 to 31 December 2022, Ministry of Finance and the State Taxation Administration announced additional value-added tax credit policy for the production and living service industry, a taxpayer in the production and living service industry is allowed to credit the amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable upon fulfillment of certain conditions.

5. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expenses		
– Interest on lease liabilities	10,914	10,134
	10,914	10,134

6. PROFIT BEFORE INCOME TAX

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

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental income from investment properties	36,212	38,296
Less: direct operating expenses incurred from investment properties	(3,887)	(4,813)
Net rental income from investment properties	32,325	33,483
Depreciation:		
– Property, plant and equipment	52,778	47,560
– Right-of-use assets	10,024	4,581
– Investment properties	3,887	3,887
Amortisation of intangible assets	212	212
Total depreciation and amortisation charged to profit or loss	66,901	56,240
Lease charges:		
– Short-term leases	–	303
– Variable lease payments	12,000	4,895
Staff costs:		
– Directors' and supervisors' emoluments	652	611
– Other staff costs (exclude directors' and supervisors' emoluments):		
– Salaries, allowances and other benefits	26,712	21,010
– Retirement benefit scheme contributions	11,603	9,088
Total staff costs	38,967	30,709

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax – PRC enterprise income tax	37,099	29,954
Deferred tax	(200)	(159)
	<u>36,899</u>	<u>29,795</u>

8. DIVIDENDS

The Board of Directors does not recommend the payment of interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

9. EARNINGS PER SHARE

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company (<i>RMB'000</i>)	<u>112,554</u>	<u>88,765</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,660,000,000</u>	<u>1,660,000,000</u>
Basic earnings per share (<i>RMB cents</i>)	<u>6.78</u>	<u>5.35</u>

There were no dilutive potential ordinary shares in issue for the periods ended 30 June 2022 and 2021. Therefore, the diluted earnings per share are equals to the basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2022, the Company had additions of property, plant and equipment at a total cost of RMB3,458,000 (for the six months ended 30 June 2021: RMB2,864,000), mainly included additions in construction in progress of approximately RMB1,232,000, communication facilities of approximately RMB1,035,000 and housing of approximately RMB1,015,000 (for the six months ended 30 June 2021: additions in construction in progress of approximately RMB1,860,000 and loading equipment of approximately RMB395,000).

For the six months ended 30 June 2022, none of the property, plant and equipment had been written-off by the Company (for the six months ended 30 June 2021: RMB149,000).

As at 30 June 2022, the carrying amount of right-of-use assets of the Company amounted to RMB245,025,000 (31 December 2021: RMB255,049,000).

For the six months ended 30 June 2022, depreciation of right-of-use assets and other property, plant and equipment during the period was RMB62,802,000 (for the six months ended 30 June 2021: RMB52,141,000).

11. INVESTMENT PROPERTIES

	Terminal facilities RMB'000 (Audited)
As at 1 January 2021	
Cost	399,318
Accumulated depreciation	<u>(96,322)</u>
Net book amount	<u><u>302,996</u></u>
Year ended 31 December 2021	
Opening net book amount	302,996
Depreciation	<u>(7,775)</u>
Closing net book amount	<u><u>295,221</u></u>
As at 31 December 2021 and 1 January 2022	
Cost	399,318
Accumulated depreciation	<u>(104,097)</u>
Net book amount	<u><u>295,221</u></u>
	RMB'000 (Unaudited)
Period ended 30 June 2022	
Opening net book amount	295,221
Depreciation	<u>(3,887)</u>
Closing net book amount	<u><u>291,334</u></u>
As at 30 June 2022	
Cost	399,318
Accumulated depreciation	<u>(107,984)</u>
Net book amount	<u><u>291,334</u></u>

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables		
– Due from related parties	1,888	16,200
– Due from third parties	<u>2,025</u>	<u>15,658</u>
	<u>3,913</u>	<u>31,858</u>
Less: expected credit loss (“ECL”) allowance of trade receivables	<u>(83)</u>	<u>(672)</u>
	<u>3,830</u>	<u>31,186</u>
Other receivables	3	–
Prepayments	<u>466</u>	<u>690</u>
Total trade and other receivables	<u><u>4,299</u></u>	<u><u>31,876</u></u>

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
0 – 30 days	2,786	26,997
31 – 60 days	1,044	259
61 – 90 days	–	2,158
Over 90 days	<u>–</u>	<u>1,772</u>
	<u><u>3,830</u></u>	<u><u>31,186</u></u>

13. BILLS RECEIVABLE AT FVTOCI

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 3 months	–	2,261
Over 3 months but within 6 months	<u>2,000</u>	<u>1,100</u>
	<u>2,000</u>	<u>3,361</u>

14. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables		
– Due to related parties	11,647	7,906
– Due to third parties	<u>89</u>	<u>10,430</u>
	<u>11,736</u>	<u>18,336</u>
Other payables		
– Amounts due to related parties	1,079	2,320
– Other tax payables	1,080	880
– Payroll payable	7,194	4,885
– Retention payable due within one year	6,331	6,362
– Other payables	<u>32,871</u>	<u>10,249</u>
	<u>48,555</u>	<u>24,696</u>
Total trade and other payables	<u>60,291</u>	<u>43,032</u>

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
0 – 30 days	10,347	15,975
31 – 60 days	–	2,272
61 – 90 days	1,260	–
Over 90 days	129	89
	<u>11,736</u>	<u>18,336</u>

15. CONTRACT LIABILITIES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Amounts received in advance – Provision of services	<u>5,287</u>	<u>14,320</u>

16. LEASE LIABILITIES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Total minimum lease payments (include renewal option that are reasonably certain to be exercised):		
Due within 1 year	34,954	34,954
Due within 1 to 2 years	30,653	36,259
Due within 2 to 5 years	74,729	93,427
Due more than 5 years	691,093	579,832
	831,429	744,472
Less: future lease liabilities finance charges	(590,304)	(498,292)
Present value of lease liabilities	241,125	246,180
	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Present value of minimum lease payments:		
Due within 1 year	13,583	13,260
Due within 1 to 2 years	9,928	15,218
Due within 2 to 5 years	10,724	13,621
Due more than 5 years	206,890	204,081
	241,125	246,180
Less: payment due within 1 year (presented under current liabilities)	(13,583)	(13,260)
Payment due after 1 year	227,542	232,920

17. ADVANCE PAYMENTS FROM LEASE CONTRACT

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Lease payments received in advance	18,406	19,594
Less: Classified as current liabilities – Advance payments from lease contract	<u>(2,375)</u>	<u>(2,375)</u>
Non-current portion of lease payments	<u>16,031</u>	<u>17,219</u>

18. SHARE CAPITAL

	Domestic shares	H shares	Number of shares	<i>RMB'000</i> (Unaudited)
Issued and fully paid-up ordinary shares with par value of RMB1 each				
As at 1 January 2021, 1 January 2022 and 30 June 2022	<u>840,000,000</u>	<u>820,000,000</u>	<u>1,660,000,000</u>	<u>1,660,000</u>

19. CAPITAL COMMITMENTS

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Capital expenditure contracted but not provided for acquisition of property, plant and equipment	<u>77,571</u>	<u>74,754</u>

MANAGEMENT DISCUSSION AND ANALYSIS

International and domestic situation

Overall Situation

In the first half of 2022, the global economic growth rate continued to slow down, the demand for bulk commodity transportation was under pressure, and the global energy and grain prices further increased due to various factors, such as global inflation, the continued outbreak of COVID-19, and the ongoing fallout from the war in Ukraine. Despite this, China's foreign trade maintained steady growth, with the total import and export in trades in goods amounted to RMB19.8 trillion, representing a year-on-year increase of 9.4%. Agricultural product imports amounted to RMB736.07 billion, with a year-on-year increase of 5%, of which, grain imports account for 37% of the total agricultural product imports which increased by 16.6% to RMB272.48 billion; and soybean imports account for 26% of the total agricultural product imports which increased by 17.3% to RMB193.27 billion (Source: General Administration of China Customs of the PRC).

However, according to the data released by General Administration of China Customs of the PRC, the general grain imports declined by 5.4% to 79.782 million tonnes in the first half of 2022 compared with 84.363 million tonnes imported in the same period in 2021, presenting an outcome that while overall import volume declined, spike in grain prices drove the growth in the total monetary value of imports. The import value of soybeans, wheat, maize and sorghum increased by 17.3%, 11.3%, 7.8% and 47.3%, respectively, as compared to the same period last year. (Source: General Administration of China Customs of the PRC)

Operation of the Port Industry

The quick spread due to the complete easing of pandemic prevention restrictions overseas led to shortage of labor force in ports and insufficient logistics capability. In the meantime, energy and raw material prices increase rapidly, which suppressed international procurement. The production growth rate in global ports was substantially narrowed, and some ports was even in the interval of negative growth. The global trade pattern change induced the structural change in shipping market demand. There were similarities and differences in the operation in each small sector as compared with last year. Dry bulk shipping market shows a large volatility trend similar to last year. In terms of region, China's shipping market is weaker than the international market.

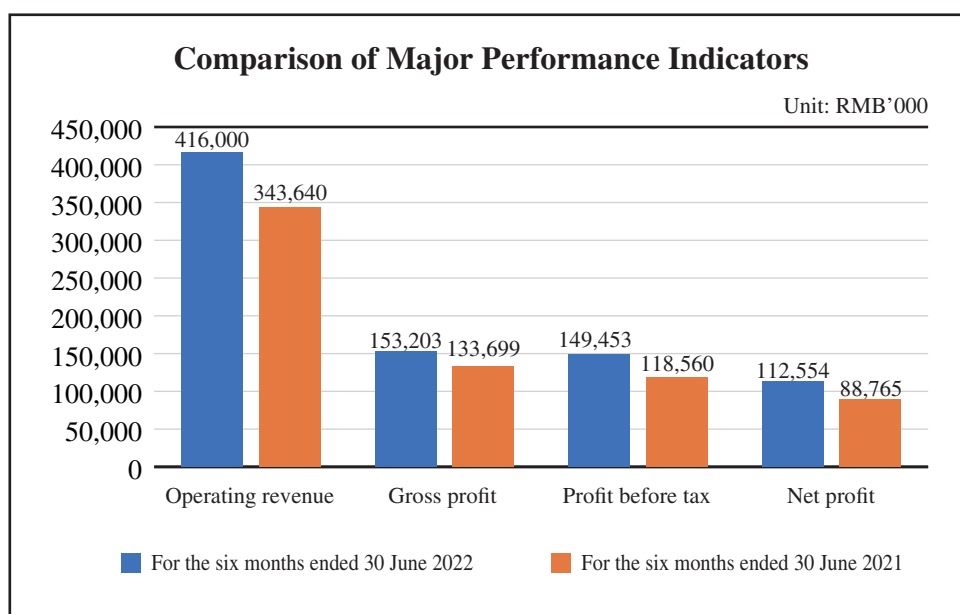
From January to June 2022, the cargo throughput of China's ports amounted to 7,580 million tonnes, representing a year-on-year decrease of 0.8%, of which, the cargo throughput for foreign trade amounted to 2,270 million tonnes, representing a year-on-year decrease of 3.7%. In the first half of 2022, the cargo throughput for the ports in the Shandong province amounted to 940 million tonnes on a year-on-year growth of 5.5%, ranking first in all the coastal province. Shandong ports played a role in alignment to the national strategy of domestic and international "dual circulation" through the development of marine transportation and trade. The successful completion of the Shandong port consolidation serves as a good platform for the integration and optimal development of resource allocation aiding the development of a world class port infrastructure. (Source: Ministry of Transport of China, People's Government of Shandong Province, China water transport network).

BUSINESS AND FINANCIAL REVIEW

Overall Review

In the first half of 2022, the Company implemented strategies to maintain the demand for grains and other cargoes while continuing to play the role of a critical grain handling port in the country. In the midst of new prevailing pandemic-control environment, the Company has closely monitored market development, and adjusting its strategies to ensure quick service turnaround, efficient operational processes and control, with dedicated special management focus and the application of technology for an integrated port management service delivery in the market. The Company was awarded the “2022 Golden Bee Corporate Social Responsibility China ESG Competitiveness List”, which was given in recognition to Chinese enterprises that are competitive, customers-focused and are committed to the sustainable port aligned to serve the greater good of social and economic development for the country.

During the Reporting Period, the Company achieved cargo throughput of 15.31 million tonnes, representing an increase of 1.4% as compared with the same period in 2021. In terms of different cargo types, the throughput of grain recorded greater increment as compared with the same period in 2021 while the throughput of woodchips and berth leasing decreased as compared with the same period last year. The increase in throughput of grain cargoes offset the impact of decline in woodchips and other cargoes throughput on the revenue and profit of the Company. The Company’s major performance indicators remained stable as follows:



During the Reporting Period, the Company achieved an operating revenue of RMB416.000 million, increased by RMB72.360 million or 21.1% as compared with the same period of 2021.

During the Reporting Period, the Company achieved a gross profit of RMB153.203 million, increased by RMB19.504 million or 14.6% as compared with the same period of 2021.

During the Reporting Period, the Company achieved a profit before income tax of RMB149.453 million, increased by RMB30.893 million or 26.1% as compared with the same period of 2021.

During the Reporting Period, the Company achieved a net profit of RMB112.554 million, increased by RMB23.789 million or 26.8% as compared with the same period of 2021.

Financial Review

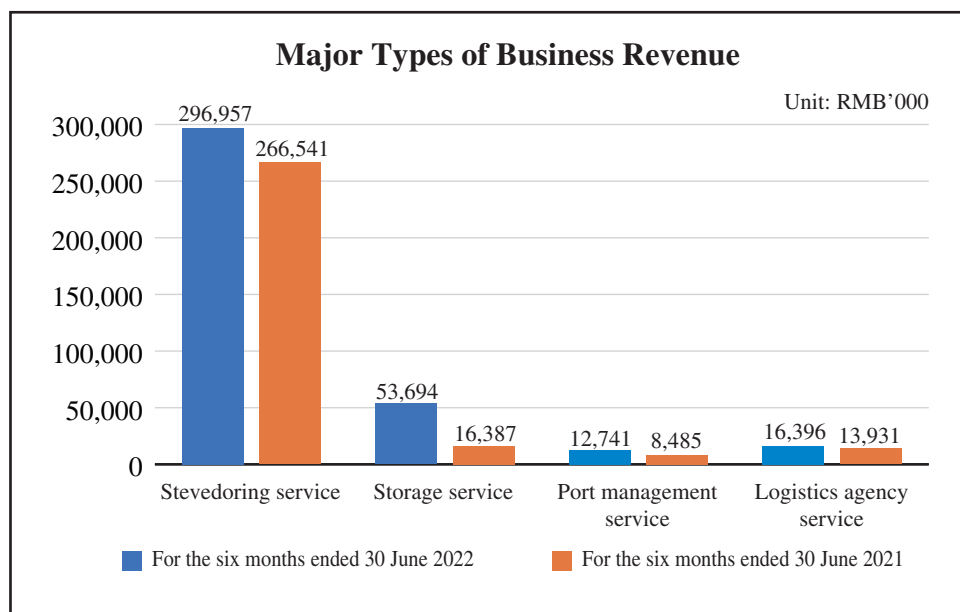
Revenue

During the Reporting Period, the Company's total revenue increased by RMB72.360 million or 21.1% as compared with the same period of last year, mainly attributable to an increase of RMB74.444 million in revenue from contracts with customers, which offset for a decrease of RMB2.084 million in revenue from property lease.

(1) Total Revenue

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers – Provision of services	379,788	305,344
Revenue from other sources – Rental income from investment properties	<u>36,212</u>	<u>38,296</u>
Total Revenue	<u>416,000</u>	<u>343,640</u>

(2) *Revenue from contracts with customers by service type*



During the Reporting Period, for stevedoring service, the increase in business volume of imports of grains offset the decrease in woodchips and dried tapioca, along with the increase of port tariff for grain goods, resulting in a 11.4% year-on-year increase in revenue.

During the Reporting Period, the increase in revenue from storage service was mainly attributable to the increase in the import volume of grain cargoes and improvement of the storage tariff structure designed to expedite the turnover of cargo discharge and to shorten the unloading period for goods.

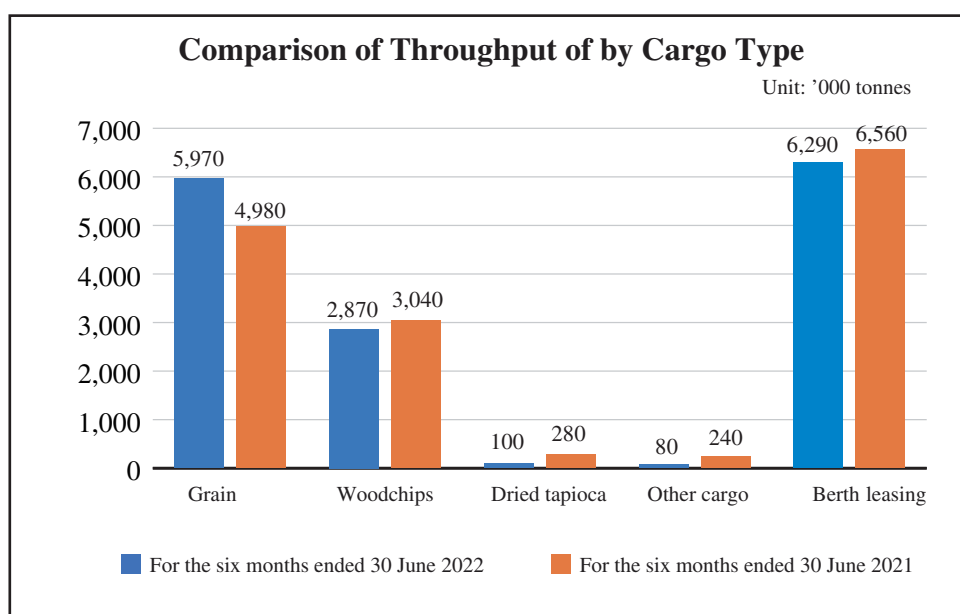
During the Reporting Period, the revenue from port management service increased as compared with the same period of last year, mainly attributable to the increase in business volume and the adjustment of accounting items, resulting in an increase in revenue.

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

Throughput segment

Unit: '000 tonnes, except percentage

Cargo type	During six months ended 30 June				Change
	2022		2021		
	Throughput	Proportion	Throughput	Proportion	
Grain <i>(Note i)</i>	5,970	39.0%	4,980	33.0%	19.9%
Woodchips	2,870	18.7%	3,040	20.1%	-5.6%
Dried tapioca	100	0.7%	280	1.9%	-64.3%
Other cargo <i>(Note ii)</i>	80	0.5%	240	1.6%	-66.7%
Berth leasing (Asia Symbol)	6,290	41.1%	6,560	43.4%	-4.1%
Total	15,310	100.0%	15,100	100.0%	1.4%



Note i: Grain consists of soybeans, maize and others, with a throughput of 5,020 thousand tonnes of soybeans (3,680 thousand tonnes as of 30 June 2021) and 950 thousand tonnes of maize (1,300 thousand tonnes as of 30 June 2021).

Note ii: Other cargo does not contain maize.

Grain

In the first half of 2022, China accumulated grain imports amounted to 79.782 million tonnes, representing a year-on-year decrease of 5.4% (Source: General Administration of China Customs of the PRC), of which, soybeans imports amounted 46.284 million tonnes, representing a year-on-year decrease of 5.4%. The Company has benefit from the advantage of being in an immediate port vicinity for grain and edible oil industry and excellent connectivity with efficient and convenient railway and road network, which enables the grains business to record a growth against the general backdrop of economic decline. The grain throughput amounted 5.97 million tonnes, representing a year-on-year increase of 19.9%, and the proportion of the sector in throughput increased by 6%.

In terms of the mix of grain types, the Company's soybean throughput amounted to 5.02 million tonnes, representing a year-on-year increase of 36.66%, accounting for 10.8% of the PRC's soybean imports, which represented an increase of 3.3% as compared with the same period last year. The Company's throughput of maize and other grains amounted to 0.95 million tonnes, representing a decrease of 0.35 million tonnes as compared with the same period last year. In general, the total grains throughput presented a steady growing trend, and was the main factor of the revenue increase of the Company.

From the analysis of port logistics, the Company actively met the needs of the processing enterprises of grains, edible oil and animal feed from hinterland, and helped coordinate with the customers from upstream and downstream in a timely manner. The Company deepened the "door to door" logistics service, with the railway delivering 1.39 million tonnes of grains, representing a year-on-year increase of 69%, which helped the development of multi-modal transportation, consolidating bulk shipments and converting from road to rail transportation.

Woodchips

The woodchips procured by amount of core customers continued to be high and stable. The Company handled 2.87 million tonnes of woodchips in the first half of 2022. The imports decreased as compared to the same period of last year due to the cycle of procurement transportation, but the number of vessels handled was higher than the same period of last year. The Company integrated berth resources designated for woodchips, extended the rail connectivity, increased turnaround for yard efficiency, and resolved operational issues timely. The proportion of rail transportation increased to 73.1%. The railway shipments hit 278 wagons per day in the strive for a highly efficient integrated woodchips operation.

Dried tapioca

The Company's dried tapioca business was affected by the berth resources and operation restrictions. Under the premise of securing productive resources for the increment of grain handling, the Company adjusted its cargo mix, resulting in a decrease in the volume handled for dried tapioca as compared with the same period of last year.

Other cargo

In the first half of 2022, the Company prioritised the handling of grains over other cargo. A total of 80,000 tonnes for other cargo were handled with a minor impact on the Company's revenue and profitability.

Berth leasing

The Company has a long-term lease agreement to lease the West-4 berth, Wood-2 berth and Wood-3 berth owned by the Company to Asia Symbol Shandong Co., Ltd (亞太森博(山東)漿紙有限公司) (“**Asia Symbol**”), an independent third party engaged in wood pulp production. The business volume of berth leasing was mainly from the import and transfer of woodchips throughput of Asia Symbol. Asia Symbol pays the Company a fixed rent each year, and is responsible for the maintenance of the leased berth and related berthing equipment.

Cost of Sales

During the Reporting Period, the cost of sales of the Company amounted to RMB262.797million, representing an increase of RMB52.856 million or 25.2% as compared with RMB209.941 million for the same period of 2021, mainly attributable to (1) the increase in staff remuneration as a result of the growth in business volume of the Company; and (2) the increase in external expenses.

Gross Profit

During the Reporting Period, the Company achieved the gross profit of RMB153.203 million, representing an increase of RMB19.504 million or 14.6% as compared with RMB133.699 million for the same period of 2021, mainly attribute to the revenue from contracts with customers.

Administrative Expenses

During the Reporting Period, the total administrative expenses of the Company amounted to RMB8.293 million, representing an increase of RMB1.624 million or 24.4% as compared with RMB6.669 million for the same period of 2021, mainly attributable to the increase in remuneration costs of management personnel.

Other Income

During the Reporting Period, other income of the Company amounted to RMB16.940 million, representing an increase of RMB12.805 million or 309.7% as compared with RMB4.135 million for the same period of 2021, mainly attributable to the impact of national tax policy, and the input value-added tax surplus deduction of RMB11.680 million.

Finance Cost

During the Reporting Period, finance cost of the Company amounted to RMB10.914 million, representing an increase of RMB0.780 million, or 7.7% as compared with RMB10.134 million for the same period of 2021, mainly attributable to the year-on-year increase in the interest of lease liabilities.

Income Tax Expense

During the Reporting Period, the income tax expense of the Company amounted to RMB36.899 million, representing an increase of RMB7.104 million or 23.8% as compared with RMB29.795 million for the same period of 2021, mainly attributable to the increase in the profit before income tax of the Company.

Total Comprehensive Income for the Period

As a result of the foregoing, during the Reporting Period, the total comprehensive income of the Company amounted to RMB112.554 million, representing an increase of RMB23.789 million or 26.8% as compared with RMB88.765 million for the same period of 2021.

LIQUIDITY AND CAPITAL RESOURCES

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

The Company funds its operations principally from cash flow generated from operating activities. The Company's primary uses of cash are for working capital and to satisfy the capital expenditure needs of the Company.

As at 30 June 2022, the Company had cash and cash equivalents of RMB804.092 million (31 December 2021: RMB592.669 million).

As at 30 June 2022, the Company's total bank borrowings amounted to Nil (31 December 2021: Nil).

The Company's current ratio (being the ratio of total current assets to total current liabilities) was 8.45 as at 30 June 2022 (31 December 2021: 7.51).

As at 30 June 2022, the Company's gearing ratio (being the ratio of total interest-bearing borrowings to total equity) was 9.62% (31 December 2021: 10.28%).

During the Reporting Period, the Company's net cash from operating activities amounted to RMB214.465 million (the corresponding period of 2021: RMB225.542 million). The Company's net cash from investing activities during the Reporting Period amounted to RMB2.521 million (the corresponding period of 2021: net cash used amounted to RMB0.542 million). The Company's net cash used in financing activities during the Reporting Period amounted to RMB5.563 million (the corresponding period of 2021: RMB24.125 million).

PLEDGE OF ASSETS

As at 30 June 2022, the Company did not have any pledge of assets (31 December 2021: nil).

CONTINGENT LIABILITIES

As at 30 June 2022, the Company did not have any contingent liabilities (31 December 2021: nil).

CAPITAL EXPENDITURE

The Company's capital expenditure comprised mainly additions to property, plant and equipment. The Company's capital expenditure in the Reporting Period amounted to RMB3.5 million (the corresponding period of 2021: RMB3.2 million).

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

To consolidate and enhance the Company's position as a grain transshipment and distribution hub port in China, the Company plans for the construction of a Grain Base Project comprising West-6 berth development, conveyor belt transportation and storage silos, with an investment amount of approximately RMB1.44 billion and it is expected to be completed and ready for use by June 2024.

Save as disclosed in this announcement, the Company had no other future plans for material investments or additions of capital assets as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Continuing Connected Transaction - Shandong Port Finance Holding Framework Agreement

On 29 August 2022, the Company entered into the port-related service (sale) framework agreement with Shandong Port Finance Holding Co., Ltd.* (山東港口金融控股有限公司) (“**Shandong Port Finance Holding Group**”), pursuant to which the Company agreed to provide stevedoring and cargo supervision services to Shandong Port Finance Holding Group and other port-related services that the Company may provide to Shandong Port Finance Holding Group from time to time, for a term commencing on 29 August 2022 and ending on 31 December 2024. For details, please refer to the announcement of the Company dated 29 August 2022.

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

As at 30 June 2022, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Company had a total of 327 full-time employees, all of whom are based in the PRC (31 December 2021: 328 employees). During the Reporting Period, the employees costs of the Company amounted to RMB38.967 million (the corresponding period of 2021: RMB30.709 million).

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

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

FUTURE PROSPECTS

In the second half of 2022, the macro environment will be challenging. The conflict between Russia and Ukraine will continue to have impact on energy and food supply, and the risk of stagflation will lead to the further constraint in the monetary policy in Europe and the U.S. and will be an obstacle to the global economic growth. Due to the impact mentioned above, the global shipping market will be pressured in the terminal demand, the energy and food supply will be tightened, and the pattern of trade may be impacted. Affected by such factors, the shipping demand may weaken, likewise, throughput for ports may slow.

Currently, the global grain supply and demand continue to be unevenly balanced for both production and consumption with relative shortage. China's demand for imported grains from its domestic industries, such as grains, edible oil and animal feed, have shown a steady growing trend. International food prices remain at high level and the cost of comprehensive logistics for the hinterland company customers has climbed. As an important coastal port for imported grains, the Company will coordinate safe operation as well as pandemic prevention and control, by adhering to "individual protection, physical protection, and technical protection", provide port service through "fast access to berth, fast unloading and fast delivery and turnaround", with good planning, seamless operations, enhanced handling brand "Jurong efficiency", to sustain the facilitation of smooth international logistics flow, and promote a healthy development and growth for the Company.

Therefore, the Company will focus on the following work:

Marketing in a way of "seizing the supply and increasing the total volume"

The Company will keep an eye on the new opportunities from by the new production production capacity in hinterland area, tracking their development of newly constructed plants and their raw material procurement plans, promote the strategic partnership with core customers, explore the new distribution channels for rail logistics, and in general, promote the development of the hinterland with service provision via the Company as the gateway port.

Production and organization in a way of “discovering the potential and increasing the efficiency”

The Company will strengthen its internal coordination to optimise production efficiency by integrated use of berth resources, improve vessels turnaround, complete various key upgrade projects timely, and enhance the efficiency of rail and truck deliveries so as to improve the turn of the silos and warehouses.

Control of the pandemic in a way of “strengthening the professional and keeping safe”

The Company will strengthen the prevention and control of the pandemic, ensure safe, stable and scientific prevention of the pandemic while increasing the overall well-being and sense of belongings for all stakeholders. The Company will continue to exercise diligence concerning pandemic prevention, and strive to minimise any impact to the grains and woodchips imports.

USE OF NET PROCEEDS FROM THE LISTING

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

As set out in the prospectus of the Company dated 31 May 2019 (the “**Prospectus**”), the Company had planned to use the IPO Proceeds. As at 30 June 2022, the Company had used approximately RMB382.49 million for the acquisition of West-6 berth; approximately RMB7.615 million for the procurement of equipment and machinery for West-6 berth and approximately RMB54.641 million for working capital and general corporate purposes.

	Utilised amount as at 31 December 2021 <i>RMB'000,000</i>	Unutilised amount as at 31 December 2021 <i>RMB'000,000</i>	Utilised amount during the Reporting Period <i>RMB'000,000</i>	Unutilised amount as at 30 June 2022 <i>RMB'000,000</i>	Expected timeline for utilising the remaining IPO Proceeds ^(Note)
Acquisition of West-6 berth	382.490	0	0	0	–
Procurement of equipment and machinery	7.615	101.667	0	101.667	Expected to be fully utilised on or before 31 December 2023
Working capital and general corporate use	54.641	0	0	0	–
Total	<u>444.746</u>	<u>101.667</u>	<u>0</u>	<u>101.667</u>	

Note: The Company will gradually carry out reconstruction project for the West-6 berth from 2022 and expects that the West-6 berth will be initially equipped with the function of stevedoring grains in 2022, subject to the actual COVID-19 pandemic situation and market development.

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

CORPORATE GOVERNANCE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Company and has also reviewed internal audit, internal control and financial reporting matters, including the review of the unaudited condensed interim results of the Company for the six months ended 30 June 2022.

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

Rizhao, the PRC, 31 August 2022

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