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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 June 2018, which are set out below. The condensed interim results are unaudited and have been reviewed by the audit committee of the Company.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2019

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

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

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

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		**6,324**	8,282
Lease liabilities	17	**215,028**	–
Advanced payments from lease contract	16	**23,156**	24,344
		244,508	32,626
Net assets		**1,978,043**	1,407,616
Capital and reserves			
Paid-in capital/share capital	18	**1,600,000**	1,200,000
Reserves		**378,043**	207,616
Total equity		**1,978,043**	1,407,616

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Fair value through other comprehensive income reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2019 (audited)	**1,200,000**	**–**	**159,077**	**16,385**	**–**	**32,154**	**1,407,616**
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	80,605	80,605
Other comprehensive loss for the period	–	–	–	–	(6)	–	(6)
	–	–	–	–	(6)	80,605	80,599
Issue of new shares in the public offer *(Note 18)*	400,000	127,820	–	–	–	–	527,820
Listing expense *(Note 18)*	–	(37,992)	–	–	–	–	(37,992)
At 30 June 2019 (unaudited)	**1,600,000**	**89,828**	**159,077**	**16,385**	**(6)**	**112,759**	**1,978,043**

For the six months ended 30 June 2018

	Paid-in capital/ share capital *RMB'000*	Statutory reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2018 (audited)	1,170,000	48,471	290,533	1,509,004
Effect rising from adoption of IFRS 9	–	–	(540)	(540)
Adjusted balance at 1 January 2018	1,170,000	48,471	289,993	1,508,464
Profit and total comprehensive income for the period	–	–	88,544	88,544
Dividends *(Note 9)*	–	–	(40,000)	(40,000)
At 30 June 2018 (unaudited)	**1,170,000**	**48,471**	**338,537**	**1,557,008**

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. Corporate information

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

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

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

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

Unless otherwise stated, condensed interim financial statements presented in Renminbi ("**RMB**").

2. Basis of preparation and significant accounting policies

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

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the historical financial information for the year ended 31 December 2018 contained in the accountants' report in the Company's prospectus dated 31 May 2019.

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

IFRS 16 Leases ("IFRS 16")

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

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

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

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

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

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

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

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

As allowed by IFRS 16, the Company elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an arrangement contains a lease* and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC-Int 4. Therefore, the Company has not reassessed whether the contracts are, or contain, leases which already existed prior to the date of initial application. Furthermore, the Company has applied the IFRS 16 in accordance with the modified retrospective approach and recognised the cumulative effect of initial application to opening retained earnings as at 1 January 2019 without restating comparative information. At this date, the Company has also elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The Company has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low value assets; and (ii) short-term leases that at the commencement date, have a lease term of 12 months or less. Instead, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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

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

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

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

	At 1 January 2019 ***RMB'000*** **(unaudited)**
Increase in property, plant and equipment	**229,109**
Decrease in prepayment for premises under operating leases	**(6,126)**
Increase in lease liabilities	**222,983**

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

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

3. REVENUE

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

(i) Revenue from contracts with customers by service type

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

The management of the Company considers that the Company has one reportable operating segment.

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

(ii) Information about major customers

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Customer A	**40,603**	40,599

4. OTHER INCOME

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**142**	560
Others	**1,646**	185
Total	**1,788**	745

5. IMPAIRMENT LOSSES, NET OF REVERSAL

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

6. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**1,493**	3,361
Interest on lease liabilities	**10,892**	–
	12,385	3,361

7. PROFIT BEFORE TAX

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

8. INCOME TAX EXPENSE

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

9. DIVIDEND

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

10. EARNINGS PER SHARE

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

The weighted average number of ordinary shares for the purposes of calculating basic earnings per share for the six months ended 30 June 2019 comprises (i) 1,200,000,000 ordinary shares issued during the period; and (ii) 26,519,337 ordinary shares represent the weighted average number of 400,000,000 ordinary shares issued under the offering (Note 18). The ordinary shares for the purposes of calculating basic earnings per share for the six months ended 30 June 2018 represent the number of ordinary shares of the Company after share reform on 19 December 2018, and such shares were assumed to have issued on 1 January 2018.

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

11. OTHER NON-CURRENT ASSETS

	At 30 June 2019 ***RMB'000*** **(unaudited)**	At 31 December 2018 *RMB'000* (audited)
Taxes prepaid for rental income from properties under operating lease arrangement	**1,443**	1,510
Prepayments for premises under operating lease	**–**	6,126
	1,443	7,636

12. TRADE AND OTHER RECEIVABLES

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

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

	At 30 June 2019 *RMB'000* (unaudited)	At 31 December 2018 *RMB'000* (audited)
Within 3 months	**19,641**	21,653
Over 3 months but within 1 year	**14,705**	–
	34,346	21,653

13. BILLS RECEIVABLE AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	At 30 June 2019 ***RMB'000*** **(unaudited)**	At 31 December 2018 *RMB'000* (audited)
Within 180 days	**19,107**	14,708
181 – 365 days	**–**	1,100
	19,107	15,808

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

14. TRADE AND OTHER PAYABLES

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

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

	At 30 June 2019 *RMB'000* (unaudited)	At 31 December 2018 *RMB'000* (audited)
Within 3 months	**2,655**	10,352
Over 3 months but within 6 months	**1,046**	1,795
Over 6 months but within 9 months	**91**	168
Over 9 months but within 1 year	**–**	85
Over 1 year but within 2 years	**182**	149
	3,974	12,549

15. BANK BORROWINGS

	At 30 June 2019 *RMB'000* (unaudited)	At 31 December 2018 *RMB'000* (audited)
Fixed-rate bank borrowings – Unsecured and unguaranteed and due within 1 year	**150,000**	–

16. ADVANCED PAYMENTS FROM LEASE CONTRACT

	At 30 June 2019 *RMB'000* (unaudited)	At 31 December 2018 *RMB'000* (audited)
Lease payments received in advance	**25,531**	26,719
Less: Advanced payments from lease contract	**(2,375)**	(2,375)
Non-current portion of lease payments	**23,156**	24,344

17. LEASE LIABILITIES

	At 30 June 2019 *RMB'000* (unaudited)
Total minimum lease payments:	
Due within 1 year	**33,775**
Due within 2 to 5 years	**93,674**
Due more than 5 years (include reasonably certain to be exercised of renewal options)	**641,938**
	769,387
Less: future lease liabilities finance charges	**(541,783)**
Present value of lease liabilities	**227,604**

	At 30 June 2019 *RMB'000* (unaudited)
Present value of minimum lease payments:	
Within 1 year	**12,576**
Due within 2 to 5 years	**13,333**
Due more than 5 years	**201,695**
	227,604
Less: payment due within 1 year (presented under current liabilities)	**(12,576)**
Payment due after 1 year	**215,028**

18. SHARE CAPITAL

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

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

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

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

19. CAPITAL COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTERNATIONAL AND DOMESTIC SITUATION

Overall Situation

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

Operation of the Port Industry

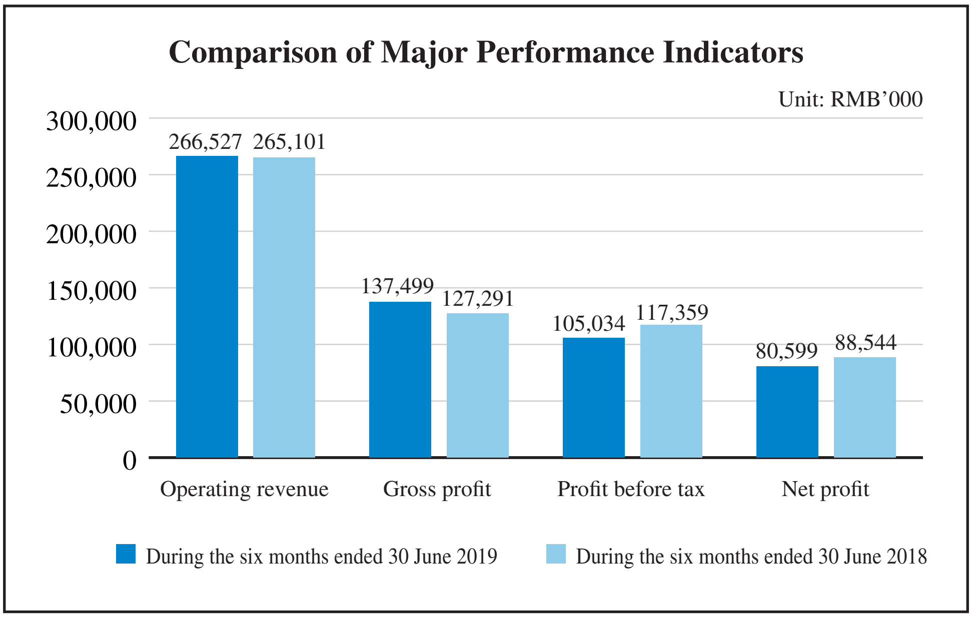
In the first half of 2019, the PRC's port production achieved steady growth. From January to June 2019, the cargo throughput of the ports in the PRC amounted to 6,713.01 million tonnes, representing an increase of 4.5% as compared with the same period of 2018. (Source: Ministry of Transport of the PRC)

BUSINESS AND FINANCIAL REVIEW

Overall Review

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

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



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

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

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

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

Financial Review

Revenue

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

(1) Total Revenue

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

(2) Revenue from contracts with customers by service type

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

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

During the Reporting Period, the Company recorded a year-on-year increase in the storage service revenue, mainly attributable to the relatively long downtime of the manufacturers during and after the Spring Festival and the lack of storage room of the soybean meal manufacturers, resulting in the low discharge capacity. The year-on-year increase in the logistics agency services was mainly attributable to the logistics agency revenue generated from this new service in July 2018, while the revenue was nil during the same period of 2018 since the business was not conducted. The year-on-year increase in the berth leasing revenue was mainly attributable to (1) the reduction of tax rate from 11% to 10%, and then to 9% as impacted by the national tax policy, and (2) the increase in the leasing revenue of Rizhao Port Container Development Co., Ltd..

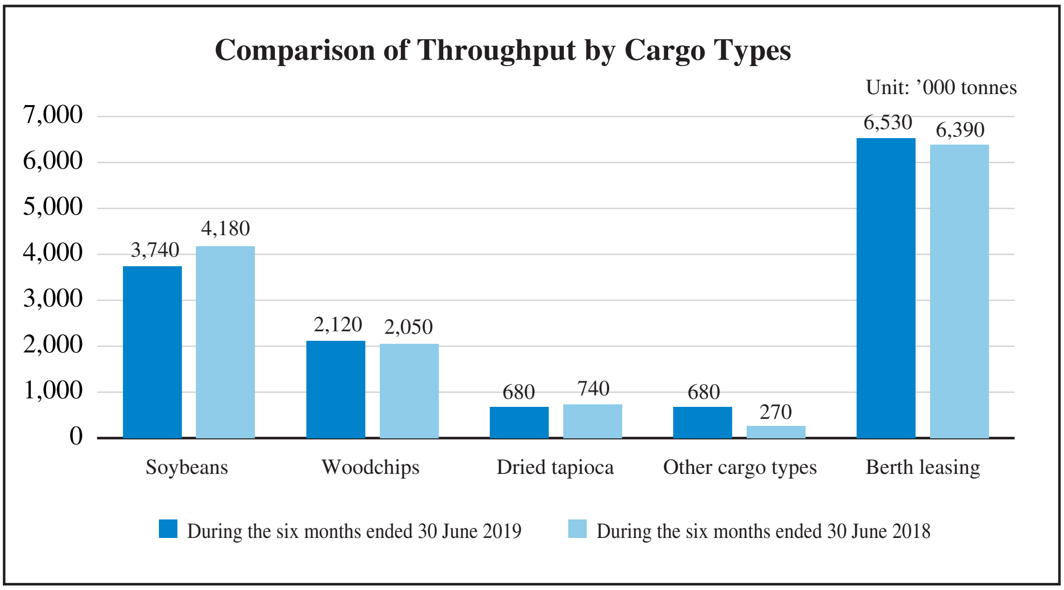
The decrease in the revenue of port management services was mainly attributable to the decrease in customers' demand for port management services.

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

During the six months ended 30 June 2019, the Company handled over 20 cargo types at the berths of the Company, primarily including soybeans, woodchips, dried tapioca and other cargo types including maize and wheat. The following table sets forth the throughput breakdown by cargo types for the period indicated.

Unit: '000 tonnes, except percentage

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



Soybeans

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

Woodchips

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

Dried tapioca

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

Other cargo types

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

Berth leasing

The Company entered into a long-term lease agreement to lease the West-4 berth, Wood-2 berth and Wood-3 berth owned by the Company to Asia Symbol 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 is mainly derived from the throughput of woodchips imported and transferred by Asia Symbol. Asia Symbol pays the Company a fixed rent each year, and is responsible for the maintenance of the leased berth and related berthing equipment.

Cost of Sales

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

Gross Profit

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

Administrative Expenses

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

Listing Expenses

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

Other Income

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

Finance Cost

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

Income Tax Expense

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

Total Comprehensive Income for the Period

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

As at 30 June 2019, the Company had cash and cash equivalents of RMB607.0 million (31 December 2018: RMB55.5 million).

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

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

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

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURE

The Company's capital expenditure comprised mainly additions to property, plant and equipment. The Company's capital expenditure in the Reporting Period amounted to RMB3.9 million (the corresponding period of 2018: RMB5.7 million).

CAPITAL COMMITMENTS

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

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

As at 30 June 2019, the Company did not enter into any derivative contracts to hedge the foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

FUTURE PROSPECTS

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

Increasing efforts in market development

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

Improvement of service standards

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

Improvement of system production efficiency

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

Implementation of capacity improvement project

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

Promotion of the establishment of "Smart Ports"

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

USE OF NET PROCEEDS FROM THE LISTING

The Company was listed on the Stock Exchange on 19 June 2019 (the "**Listing Date**") by way of a global offering, under which a total of 400,000,000 H shares were issued at an offer price HK$1.50 per share, raising a total net proceeds of RMB472.4 million after deducting professional fees, underwriting commissions and other related listing expenses (the "**IPO Proceeds**").

As set out in the prospectus of the Company dated 31 May 2019 (the "**Prospectus**"), the Company had plans to use the IPO Proceeds. As at 30 June 2019, the Company did not use any of the IPO Proceeds.

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

INTERIM DIVIDEND

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

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.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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/she has complied with the required standard as set out in the Model Code from the Listing Date to 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

By order of the Board
Rizhao Port Jurong Co., Ltd.
Zhang Baohua
Chairman

Rizhao, the PRC
27 August 2019

As at the date of this announcement, the Board comprises Mr. Zhang Baohua as Chairman and non-executive Director; Mr. He Zhaodi as executive Director; Mr. Ng Chee Keong, Mr. Ooi Boon Hoe, Mr. Shi Ruxin and Mr. Jiang Zidan as non-executive Directors; and Mr. Zhang Zixue, Mr. Lau Wai Leung Anders and Mr. Wu Xibin as independent non-executive Directors.