Qingdao Port International Co., Ltd.
青島港國際股份有限公司
(A joint stock company established in the People's Republic of China with limited liability)
(Stock Code: 06198)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2016:

- Revenue was RMB4,122 million, representing an increase of 15.7% as compared to the same period of last year;

- Net profit attributable to shareholders of the Company was RMB1,200 million, representing an increase of 10.4% over the same period of last year and after the deduction of the gain from the disposal of equity interest in Riqing Container in the same period of last year, representing an increase of 23.5%; and

- Basic earnings per share was RMB0.25.

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2016. The interim results have been reviewed by the Audit Committee of the Board. The Group's unaudited interim consolidated income statement, unaudited interim consolidated balance sheet and the explanatory notes 1 to 12 as presented below are extracted from the Group's unaudited interim consolidated financial information for the six months ended 30 June 2016.

In accordance with the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的咨詢總結》) published by the Hong Kong Stock Exchange in December 2010, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using Mainland accounting standards, and Mainland audit firms approved by the Ministry of

Finance of the PRC and the China Securities Regulatory Commission are allowed to serve these issuers using Mainland auditing standards. In order to improve efficiency and to reduce the cost of disclosure and audit expenses, the Board resolved to change the accounting standard of the international financial statements of the Company from the International Financial Reporting Standards to the China Accounting Standards for Business Enterprises. For details, please refer to the announcement of the Company dated 18 May 2016. Starting from 2016, the financial statements of the Company have been prepared in accordance with China Accounting Standards for Business Enterprises and the relevant regulations.

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Six months ended 30 June 2016	Six months ended 30 June 2015 (Restated)
Revenue	7,12	4,121,919,021	3,563,927,852
Less: Cost of sales	7,12	(2,742,607,146)	(2,454,984,792)
Taxes and surcharges	8	(41,167,136)	(37,172,822)
Selling and distribution expenses		(7,926,483)	(9,030,091)
General and administrative expenses		(270,810,435)	(241,500,919)
Finance expenses - net		56,201,134	67,582,882
Asset impairment losses		(18,890,277)	(13,744,987)
Add: Investment income		398,802,833	503,820,240
Including: Share of post-tax profit of an associate and joint ventures		398,626,852	350,634,449
Operating profit		1,495,521,511	1,378,897,363
Add: Non-operating income	9	59,204,143	24,680,661
Including: Gains on disposal of non-current assets		38,719,286	8,135,177
Less: Non-operating expenses	9	(148,781)	(3,000,983)
Including: Losses on disposal of non-current assets		(105,179)	(2,790,481)
Total profit		1,554,576,873	1,400,577,041
Less: Income tax expenses	10	(301,756,199)	(275,079,847)
Net profit		1,252,820,674	1,125,497,194
Including: Net profit of the acquired entity in a business combination involving enterprises under common control before the combination date		862,154	3,484,735
Attributable to shareholders of the Company		1,200,341,762	1,087,216,874
Attributable to non-controlling interests		52,478,912	38,280,320
Other comprehensive income, net of tax		99,090,000	(68,920,000)
Items which will not be reclassified subsequently to profit or loss			
Changes in the remeasurement of defined benefit plan		99,090,000	(68,920,000)
Total comprehensive income		1,351,910,674	1,056,577,194
Attributable to equity holders of the Company		1,299,274,962	1,018,407,274
Attributable to non-controlling interests		52,635,712	38,169,920
Earnings per share	11		
Basic earnings per share		0.25	0.23
Diluted earnings per share		0.25	0.23

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016 (UNAUDITED)

ASSETS	Note	30 June 2016	31 December 2015 (Restated)
Current assets			
Cash at bank and on hand		8,653,482,836	7,558,190,196
Financial assets at fair value through profit or loss		-	200,000,000
Notes receivable		881,324,696	725,738,882
Accounts receivable	3	1,283,121,169	1,256,619,043
Advances to suppliers		98,321,718	48,105,441
Interests receivable		22,742,090	11,528,345
Other receivables		813,540,383	872,117,750
Inventories		446,897,077	348,118,612
Current portion of non-current assets		91,120,779	60,265,805
Other current assets		1,068,207,925	65,250,902
Total current assets		13,358,758,673	11,145,934,976
Non-current assets			
Available-for-sale financial assets		72,207,877	72,207,877
Long-term receivables		3,718,331,619	1,679,671,476
Long-term equity investments		4,757,798,612	4,698,039,931
Investment properties		110,923,349	119,766,471
Fixed assets		8,669,061,472	8,479,170,853
Construction in progress		3,955,453,971	3,490,375,757
Intangible assets		888,011,391	856,189,232
Goodwill		18,836,008	18,836,008
Long-term prepaid expenses		16,346,217	13,862,067
Deferred tax assets		871,373,169	857,289,777
Other non-current assets		316,913,916	250,489,007
Total non-current assets		23,395,257,601	20,535,898,456
TOTAL ASSETS		36,754,016,274	31,681,833,432

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2016 (UNAUDITED)

LIABILITIES AND EQUITY	Note	30 June 2016	31 December 2015 (Restated)
Current liabilities			
Short-term borrowings		251,881,980	309,384,939
Notes payable		443,368,517	402,427,264
Accounts payable	4	1,516,167,281	1,339,560,176
Advances from customers		329,591,693	307,945,225
Employee benefits payable		206,638,831	212,483,668
Taxes payable		147,826,237	93,181,844
Interests payable		27,634,635	7,466,857
Dividends payable		664,552,612	-
Other payables		8,333,964,193	8,241,743,938
Current portion of non-current liabilities		23,840,000	22,190,000
Total current liabilities		11,945,465,979	10,936,383,911
Non-current liabilities			
Long-term borrowings		151,720,687	160,720,687
Bonds payable	5	3,500,000,000	-
Long-term payables		546,260,979	545,083,235
Provisions		1,810,869	1,957,930
Deferred income		150,631,125	151,541,496
Long-term employee benefits payable		2,774,130,000	2,846,430,000
Other non-current liabilities		3,388,637,412	3,491,821,128
Total non-current liabilities		10,513,191,072	7,197,554,476
Total liabilities		22,458,657,051	18,133,938,387
Equity			
Share capital		4,778,204,000	4,778,204,000
Capital surplus		5,319,869,259	5,510,182,348
Other comprehensive income		(202,226,400)	(301,159,600)
Specific reserve		3,110,934	2,897,083
Surplus reserve		287,004,088	287,004,088
General reserve		77,670,166	77,670,166
Undistributed profits		2,845,431,561	2,309,642,411
Total equity attributable to shareholders of the Company		13,109,063,608	12,664,440,496
Non-controlling interests		1,186,295,615	883,454,549
Total equity		14,295,359,223	13,547,895,045
TOTAL LIABILITIES AND EQUITY		36,754,016,274	31,681,833,432

Notes：

1. General corporate information

Qingdao Port International Co., Ltd. is a stock limited company incorporated in Qingdao City of Shandong Province of the People's Republic of China on 15 November 2013 (the Company's "Date of Incorporation") by QDP together with Other Promoters including Shenzhen Malai Storage Company Limited, Qingdao Ocean Shipping Co., Limited, China Shipping Terminal Development Co., Ltd., Everbright (Qingdao) Financial Leasing Co., Ltd. and Qingdao International Investment Co., Ltd., with its registered address at 7 Ganghua Road, Shibei District, Qingdao, PRC and legal representative being Zheng Minghui.

The Company issued foreign-listed H-shares overseas at its initial public offering on 6 June 2014. The scope of business of the Group includes port and port-related services such as stevedoring, stacking, storage and cargo transportation of containers, metal ores, coal, crude oil, grains, dry bulk and general cargo, financing service business, and port supporting business like port machinery manufacture, building and construction, tugboat and barging, and ocean shipping tallying.

2. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises - Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CAS").

The financial statements are prepared on a going concern basis.

The New Hong Kong Companies Ordinance took effect from 2015 and certain disclosures in the financial statements have been adjusted in accordance with requirements therein.

(1) Preparation basis of consolidated financial statements

Prior to the establishment of the Company, QDP was reorganised under the plan approved by State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government and transferred certain business into the Company; therefore, the matter was deemed as business combination involving enterprises under common control. Pursuant to the Accounting Standards for Business Enterprises, at preparation of the consolidated financial statements of the Group, the assets and liabilities contributed by QDP at the Company's Date of Incorporation remain presented at their original carrying amounts rather than at the appraisal values approved by the competent state-owned assets management authorities in the reorganisation. The difference between the appraisal values and the carrying amounts is charged against the shareholders' equity in the consolidated financial statements.

On the other hand, certain subsidiaries of the Company appraised their assets and liabilities in the process of transformation from state-owned enterprises into limited liability companies. In the light of Interpretation No.1 to the Accounting Standards for Business Enterprises, the assets and liabilities of such reorganised companies shall, on the incorporation dates, be consolidated into the consolidated financial statements of the Group based on the appraisal values approved by the competent state-owned assets management authorities.

In March 2016, The Group acquired the tugboat assets group from Qingdao Port Investment Shipping Co., Ltd., a wholly-owned subsidiary of Qingdao Port Investment and Construction (Group) Co., Ltd. Management treated the tugboat assets group as a business (the "Tugboat Business"). As this business and the group are both controlled by QDP before and after this acquisition, and the control is not temporary, thus this transaction is regarded as business combination involving enterprises under common control. The Tugboat Business is recorded at their predecessor cost in the consolidated financial statements, and is deemed as a consolidating component of the Group in prior years. The comparable financial figures as at 31 December 2015 have been restated accordingly to reflect the financial position of the acquired business. After eliminating the inter-group transactions, the acquisition of the Tugboat Business has increased the Group's total assets as at 31 December

2015 by RMB210,560,809, decreased the total liabilities by RMB5,814,069 and increased the net profit for the six months ended 30 June 2015 by RMB3,282,608.

(2) Preparation basis of the Company's financial statements

At preparation of the Company's financial statement, the assets and liabilities of QDP that were contributed into the Company are recognised based on the appraisal values approved by the competent state-owned assets management authorities.

3. Accounts receivable

	30 June 2016 (Unaudited)	31 December 2015
Accounts receivable	1,346,224,706	1,324,319,048
Less: Provision for bad debts	(63,103,537)	(67,700,005)
	1,283,121,169	1,256,619,043

The Group's sales or services are partially made by cash, advances from customers, bank acceptance notes and trade acceptance notes. The remains are settled by providing credit terms from 30 to 90 days.

The ageing based on their recording dates of accounts receivable and related provision for bad debts are analysed below:

	30 June 2016 (Unaudited)			31 December 2015		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	1,286,188,069	95.53%	(48,685,263)	1,267,021,499	95.67%	(48,990,814)
1 to 2 years	43,978,077	3.27%	(2,552,362)	43,846,991	3.31%	(8,058,925)
2 to 3 years	4,255,641	0.32%	(861,347)	4,060,139	0.31%	(1,734,250)
3 to 4 years	2,954,207	0.22%	(2,200,853)	541,707	0.04%	(164,804)
4 to 5 years	225,000	0.02%	(180,000)	175,000	0.01%	(87,500)
Over 5 years	8,623,712	0.64%	(8,623,712)	8,673,712	0.66%	(8,663,712)
	1,346,224,706	100.00%	(63,103,537)	1,324,319,048	100.00%	(67,700,005)

4. Accounts payable

The ageing of accounts payable based on their recording dates is analysed as follows:

	30 June 2016 (Unaudited)	31 December 2015
Within 3 months	557,330,462	461,547,118
3 to 6 months	270,524,337	295,701,396
Over 6 months	688,312,482	582,311,662
	1,516,167,281	1,339,560,176

5. Bonds payable

	31 December 2015	Issued in the current period (Unaudited)	30 June 2016 (Unaudited)
Corporate bonds payable	-	3,500,000,000	3,500,000,000

Under Zheng Jian Xu Ke [2016] No. 153 approved by China Securities Regulatory Commission, the Company issued the first tranche of bonds of RMB1.5 billion and the second tranche of corporate bonds of RMB2 billion respectively on 16 March 2016 and 6 June 2016. Interest of the bonds is paid annually and calculated by the simple interest method, and the fixed annual interest rates are 2.90% and 3.09% respectively.

6. Dividends

Pursuant to the resolution at the board meeting dated on 18 March 2016 and the resolution at the shareholders' meeting dated on 6 June 2016, the Company proposed a dividend of RMB664,552,612 to the shareholders of the Company for 2015, RMB139.08 per 1,000 shares.

Pursuant to the board meeting dated on 20 March 2015 and the resolution at the shareholders' meeting dated on 6 June 2015, the Company approved a special dividend to QDP and Other Promoters of RMB650,384,338 which equals to the distributable profit of the Group generated from 16 November 2013 (the date immediately after the Company's Date of Incorporation) to the last day of the month prior to the listing of the Company's share (31 May 2014) based on the audited consolidated balance sheet as at 31 May 2014 prepared in accordance with CAS. In the shareholders' meeting, the Company also approved the dividend in respect to the period from 1 June 2014 to 31 December 2014 of RMB61.91 per 1,000 shares, amounting to a total dividend of RMB 295,818,610. This aforesaid approved dividends has been settled in 2015.

No interim dividend for the six months ended 30 June 2016 has been proposed by the Board (for the six months ended 30 June 2015: nil).

7. Revenue and cost of sales

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Revenues from main operations	3,637,029,804	3,081,064,671
Revenues from other operations	484,889,217	482,863,181
	4,121,919,021	3,563,927,852

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Cost of main operations	(2,473,940,969)	(2,187,399,147)
Cost of other operations	(268,666,177)	(267,585,645)
	(2,742,607,146)	(2,454,984,792)

8. Taxes and surcharges

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Business tax	21,459,271	16,833,675
City maintenance and construction tax	9,692,957	9,897,552
Educational surcharges	6,923,430	7,069,680
Others	3,091,478	3,371,915
	41,167,136	37,172,822

9. Non-operating income and expenses

(a) Non-operating income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Gains on disposal of non-current assets	38,719,286	8,135,177
Including: Gains on disposal of fixed assets	5,753,328	8,135,177
Gains on disposal of investment properties	32,965,958	-
Government grants	11,116,890	4,612,222
Commision from port construction fees	6,783,495	6,847,342
Unpayable dues	168,231	4,694,122
Others	2,416,241	391,798
	59,204,143	24,680,661

(b) Non-operating expenses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Losses on disposal of non-current assets	105,179	2,790,481
Including: Losses on disposal of fixed assets	105,179	2,790,481
Others	43,602	210,502
	148,781	3,000,983

10. Income tax expenses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Current income tax calculated based on tax law and related regulations	315,839,591	251,726,334
Deferred income tax	(14,083,392)	23,353,513
	301,756,199	275,079,847

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Total profit	1,554,576,873	1,400,577,041
Income tax expenses calculated at applicable tax rates	388,644,218	350,144,260
Investment income not subject to tax	(99,656,713)	(87,658,612)
Extra-deducted salary for disabled employees	(1,147,745)	(1,051,363)
Costs, expenses and losses not deductible for tax purposes	13,916,439	13,645,562
Income tax expenses	301,756,199	275,079,847

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	1,200,341,762	1,087,216,874
Weighted average number of ordinary shares outstanding	4,778,204,000	4,778,204,000
Basic earnings per share	0.25	0.23
Including:		
- Basic earnings per share from continuing operations	0.25	0.23
- Basic earnings per share from discontinued operations	N/A	N/A

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2016 (2015: Nil), diluted earnings per share equals to basic earnings per share.

12. Segment information

The Group’s management assesses the Group’s performance and determines reportable segments by service category. Different service categories require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation to these segments and to assess their performance.

The Group identified 6 reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management;
- Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, dry bulk and other cargo, storage and port management;
- Liquid bulk handling and ancillary services: loading and discharging of liquid bulk, storage and port management;
- Logistics and port value-added services: provision of cargo logistics, agency, towing, tallying and other services;
- Port ancillary services: provision of facilities construction services and manufacturing of port related equipment and others; and
- Financial services: provision of financial products and services including provision of deposit taking activities, corporate loans, financial leasing, guarantee, insurance services and others.

The Group’s major operational activities are carried out in Mainland China. The Group’s management does not separately manage the production and operation by region. Therefore, segment performance is not separately presented by region.

Inter-segment transfer prices are measured by making reference to the market price and are negotiated by both parties. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

(a) Segment information for the six months ended 30 June 2016 and as at 30 June 2016 is listed as follows (Unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port Value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	95,461,170	1,364,350,562	55,815,887	1,597,727,856	998,826,183	146,974,318	-	-	4,259,155,976
Inter-segment revenue	-	46,560,888	-	8,285,582	374,779,778	10,213,046	-	(439,839,294)	-
Cost of sales	(36,203,042)	(936,463,173)	(8,466,237)	(1,020,294,873)	(743,246,930)	(18,691,427)	-	-	(2,763,365,682)
Interest income	-	1,217,622	221,308	3,380,360	1,079,726	156,739	51,268,814	(28,827,503)	28,497,066
Interest expenses	-	(6,039,225)	-	(69,963)	(369,313)	-	(39,135,533)	4,492,635	(41,121,399)
Share of post-tax profit of an associate and joint ventures	263,276,715	7,482,081	101,012,977	26,855,079	-	-	-	-	398,626,852
Provision for asset impairment losses	-	(114,412)	-	(9,011,406)	(2,099,796)	(7,664,663)	-	-	(18,890,277)
Depreciation and amortisation	(3,767,137)	(120,485,425)	(4,237,471)	(42,027,468)	(65,375,282)	(1,034,771)	(5,998,445)	-	(242,925,999)
Total profit	321,624,843	279,749,302	147,318,367	536,793,754	232,918,779	120,827,240	(61,090,800)	(23,564,612)	1,554,576,873
Income tax expenses	-	(2,186,795)	(128,231)	(100,380,533)	(34,627,775)	(29,563,747)	(139,073,947)	4,204,829	(301,756,199)
Net profit	321,624,843	277,562,507	147,190,136	436,413,221	198,291,004	91,263,493	(200,164,747)	(19,359,783)	1,252,820,674
Total assets	2,053,070,860	9,216,854,244	3,747,705,080	3,356,076,422	5,183,510,043	10,715,054,653	6,746,353,925	(4,264,608,953)	36,754,016,274
Total liabilities	73,090,000	3,158,298,955	1,055,149,053	1,041,652,096	6,833,594,134	9,551,912,990	5,421,771,739	(4,676,811,916)	22,458,657,051
Non-cash expenses other than depreciation and amortisation	-	23,560,000	20,000	6,410,000	17,690,000	10,000	-	-	47,690,000
Long-term equity investments in an associate and joint ventures	1,838,782,850	957,544,951	1,588,976,735	372,494,076	-	-	-	-	4,757,798,612
Additions of non-current assets other than long-term equity investments	-	565,912,605	359,106,864	47,141,374	53,836,420	4,487,895	2,907,836	(35,103,185)	998,289,809

(b) Segment information for the six months ended 30 June 2015 and as at 30 June 2015 is listed as follows (Unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port Value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	97,188,215	1,462,243,591	52,774,058	1,120,120,150	829,068,185	141,958,144	-	-	3,703,352,343
Inter-segment revenue	-	13,445,381	-	3,133,265	302,021,266	1,466,785	-	(320,066,697)	-
Cost of sales	(32,634,042)	(1,075,130,547)	(8,897,815)	(726,464,535)	(611,461,686)	(15,197,966)	-	-	(2,469,786,591)
Interest income	-	640,218	-	3,258,615	780,483	73,233	21,466,354	(22,114,007)	4,104,896
Interest expenses	-	(2,897,639)	-	(136,889)	-	-	(3,550,249)	2,184,832	(4,399,945)
Share of post-tax profit of an associate and joint ventures	236,652,890	(2,382,599)	88,820,534	27,543,624	-	-	-	-	350,634,449
Provision for asset impairment losses	-	(7,185,621)	-	(1,925,313)	(1,108,453)	(3,525,600)	-	-	(13,744,987)
Depreciation and amortisation	(6,559,827)	(108,636,816)	(4,225,409)	(41,647,567)	(69,013,025)	(949,246)	(7,867,205)	2,132,147	(236,766,948)
Total profit	448,740,990	263,212,103	132,397,036	380,787,319	152,236,846	98,338,322	(64,992,798)	(10,142,777)	1,400,577,041
Income tax expenses	-	(1,716,322)	-	(41,941,518)	(40,441,960)	(24,589,581)	(169,974,945)	3,584,479	(275,079,847)
Net profit	448,740,990	261,495,781	132,397,036	338,845,801	111,794,886	73,748,741	(234,967,743)	(6,558,298)	1,125,497,194
Total assets	1,894,114,559	8,297,930,336	2,966,432,639	2,591,598,408	4,863,217,388	5,855,057,419	4,368,401,342	(2,560,510,713)	28,276,241,378
Total liabilities	74,040,000	3,008,868,403	444,810,748	742,832,997	6,901,942,726	4,729,890,668	2,688,497,330	(3,059,980,827)	15,530,902,045
Non-cash expenses other than depreciation and amortisation	-	29,760,000	40,000	7,990,000	21,860,000	10,000	-	-	59,660,000
Long-term equity investments in an associate and joint ventures	1,673,032,399	928,766,719	1,499,295,687	322,280,664	-	-	-	-	4,423,375,469
Additions of non-current assets other than long-term equity investments	-	531,737,139	63,789,662	27,936,442	24,399,055	-	2,179,060	(9,404,682)	640,636,676

(c) Reconciliation between reportable segment revenue from external customers, reportable segment interest income, reportable segment cost of sales and reportable segment interest expenses and amounts in consolidated financial statements is listed as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Revenue -		
Reportable segment revenue from external customers	4,259,155,976	3,703,352,343
Reclassification of interest income of Qingdao Finance (i)	(137,236,955)	(139,424,491)
Consolidated revenue (Note 7)	4,121,919,021	3,563,927,852
Interest income -		
Reportable segment interest income	28,497,066	4,104,896
Reclassification of interest income of Qingdao Finance (i)	137,236,955	139,424,491
Consolidated interest income	165,734,021	143,529,387
Cost of sales-		
Reportable segment cost of sales	2,763,365,682	2,469,786,591
Reclassification of interest expenses of Qingdao Finance (ii)	(20,758,536)	(14,801,799)
Consolidated cost of sales (Note 7)	2,742,607,146	2,454,984,792
Interest expenses -		
Reportable segment interest expenses	41,121,399	4,399,945
Reclassification of interest expenses of Qingdao Finance (ii)	20,758,536	14,801,799
Consolidated interest expenses	61,879,935	19,201,744

(i) Reportable segment revenue from external customers includes interest income of Qingdao Finance, which is presented as financial expenses - interest income in the consolidated financial statements.

(ii) Reportable segment interest expenses do not include interest expenses of Qingdao Finance, which are presented as cost of sales in segment information.

The Group's main revenue from external customers and additions to non-current assets other than financial assets and deferred tax assets are all gained or located in China.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERNATIONAL AND DOMESTIC SITUATION

1. General Situation

In the first half of 2016, the global economy's recovery faltered and the global trade continued shrinking. The import and export trade in China still faced a sluggish global trading environment. The gross domestic product (GDP) of China increased by 6.7% on a year-on-year basis. The total export and import trade value of China for the first half of 2016 decreased by 2.1% and 4.7% on a year-on-year basis, respectively. *(Sources: Statistics from National Bureau of Statistics of the PRC and the General Administration of Customs of the PRC)*

2. Operation of the Port Industry

With a slowdown in economy growth and the decrease in the total value of the import and export trade in China, the growth rate of national coastal ports throughput has also entered into a "new normal" phase characterised by moderate, single-digit growth rate. In the first half of 2016, the national coastal ports throughput and the container throughput increased by 1.7% and 3.6% on a year-on-year basis, respectively. *(Source: Statistics from the Ministry of Transport of the PRC)*

II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP

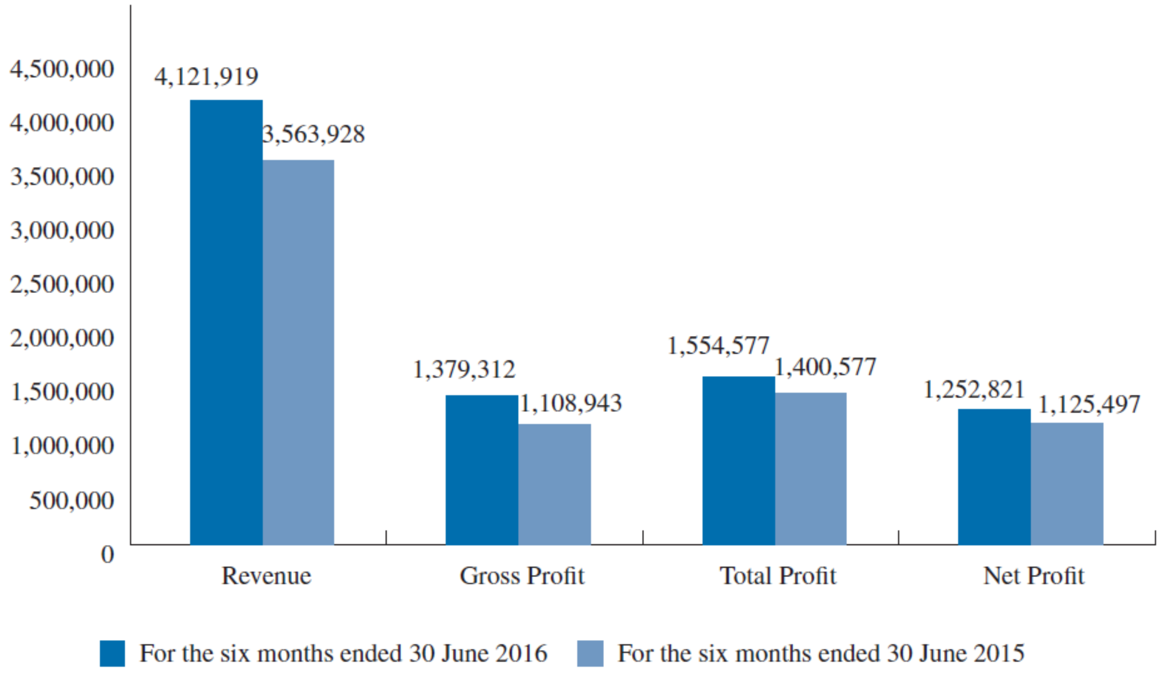
1. Overall Review

Faced with the "new normal" of the PRC's economic development, the Group has accelerated the expansion of its logistics and port value-added services on the basis of consolidating and expanding its port stevedoring business, further optimized the profit structure and made efforts to create the edge for a new round of development and a diversified and sustainable profit model.

For the six months ended 30 June 2016, the Group's cargo throughput was 221.48 million tons, representing an increase of 6.1% over the same period of last year. During the same period, the Group realized a container throughput of 8.86 million TEUs, representing an increase of 3.6% over the same period of last year.

Comparison of Major Operating Indicators

Unit: RMB'000



For the six months ended 30 June 2016, the Group recorded a revenue of RMB4,122 million, representing an increase of RMB558 million, or 15.7%, over the same period of last year, mainly due to the increase in the revenue from the logistics and port value-added services and port ancillary services segments.

For the six months ended 30 June 2016, the Group recorded a gross profit of RMB1,379 million, representing an increase of RMB270 million, or 24.3%, over the same period of last year, mainly due to the increase in gross profit from the logistics and port value-added services, metal ore, coal and other cargo handling and ancillary services and port ancillary services segments.

For the six months ended 30 June 2016, the selling and distribution expenses and general and administrative expenses of the Group amounted to RMB279 million, representing an increase of RMB28 million, or 11.2%, over the same period of last year, mainly due to the increase in the provision for early retirement benefit obligation for new participants during the reporting period.

For the six months ended 30 June 2016, the share of post-tax profit of an associate and joint ventures of the Group amounted to RMB399 million, representing an increase of RMB48 million, or 13.7%, over the same period of last year, which was mainly due to the increase in the investment income of the container handling and ancillary services, and liquid bulk handling and ancillary services segments.

For the six months ended 30 June 2016, the Group realised a total profit of RMB1,555 million, representing an increase of RMB154 million, or 11.0%, over the same period of last year. After deducting the gain from the disposal of equity interest in Riqing Container, the total profit of the Group increased by RMB307 million, or 24.6%, over the same period of last year.

For the six months ended 30 June 2016, the net profit attributable to shareholders of the Company amounted to RMB1,200 million, representing an increase of RMB113 million, or 10.4%, over the same period of last year. After deducting the gain from the disposal of equity interest in Riqing Container, the net profit attributable to shareholders of the Company increased by RMB228 million, or 23.5%, over the same period of last year.

2. Segment Review

The segment results (total profit) of the Group were listed as follows:

Proportion of Segment Results

Unit: RMB'000

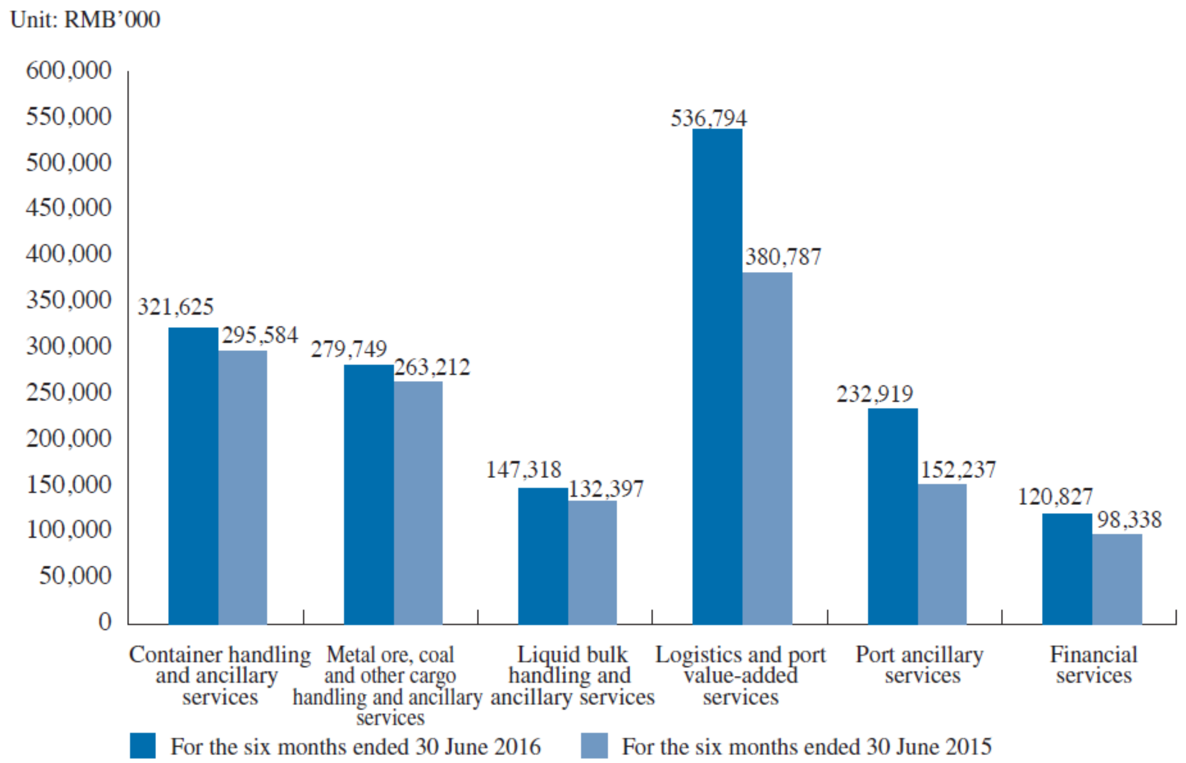
	For the six months ended 30 June				
	2016		2015		
Business Segments	**Amount**	**Proportion**	**Amount**	**Proportion**	**Change**
Container handling and ancillary services	321,625	19.6%	448,741	30.4%	-28.3%
Metal ore, coal and other cargo handling and ancillary services	279,749	17.1%	263,212	17.8%	6.3%
Liquid bulk handling and ancillary services	147,318	9.0%	132,397	9.0%	11.3%
Logistics and port value-added services	536,794	32.7%	380,787	25.8%	41.0%
Port ancillary services	232,919	14.2%	152,237	10.3%	53.0%
Financial services	120,827	7.4%	98,338	6.7%	22.9%
Total results before inter-segment elimination	1,639,232	100.0%	1,475,712	100.0%	11.1%

Proportion of Segment Results
(After deducting the gain from the disposal of equity interest in Riqing Container in the same period of last year)

Unit: RMB'000

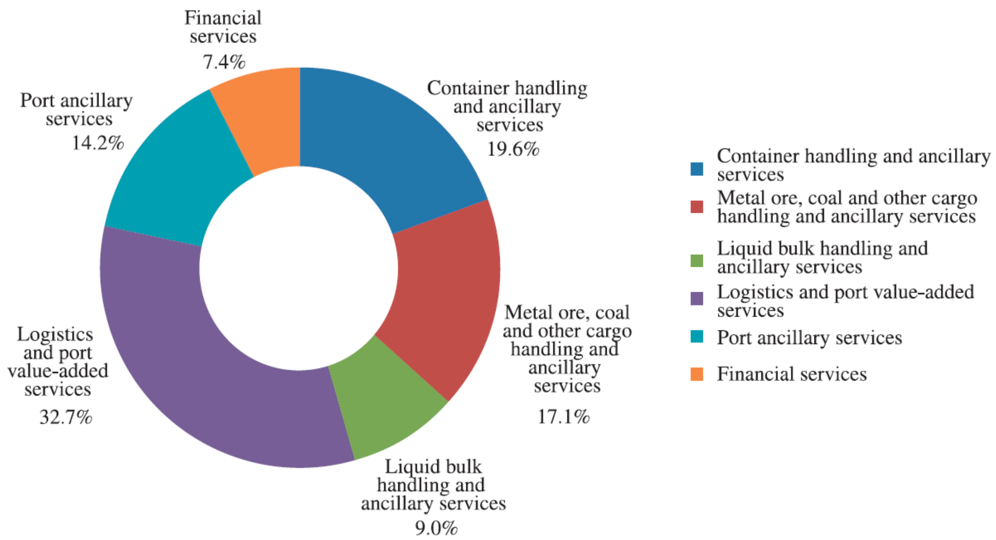
	For the six months ended 30 June				
	2016		2015		
Business Segments	**Amount**	**Proportion**	**Amount**	**Proportion**	**Change**
Container handling and ancillary services	321,625	19.6%	295,584	22.4%	8.8%
Metal ore, coal and other cargo handling and ancillary services	279,749	17.1%	263,212	19.9%	6.3%
Liquid bulk handling and ancillary services	147,318	9.0%	132,397	10.0%	11.3%
Logistics and port value-added services	536,794	32.7%	380,787	28.8%	41.0%
Port ancillary services	232,919	14.2%	152,237	11.5%	53.0%
Financial services	120,827	7.4%	98,338	7.4%	22.9%
Total results before inter-segment elimination	1,639,232	100.0%	1,322,555	100.0%	23.9%

Comparison of Segment Results



Note: Segment results for the six months ended 30 June 2015 are after deducting the gain from the disposal of equity interest in Riqing Container.

Breakdown of segment results for the six months ended 30 June 2016



Fully leveraging on the port resources and scientifically planning the investment structure, the Group developed into a diversified enterprise group consisting of three fields, i.e. terminal business, logistics business and financial business, and gradually built up a diversified development model relying on the main business of stevedoring. The particulars are as follows:

(1) Container handling and ancillary services

Unit: RMB'000

Item	For the six months ended 30 June			
	2016	**2015**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**95,461**	97,188	-1,727	-1.8%
Cost of sales	**36,203**	32,634	3,569	10.9%
Gross profit	**59,258**	64,554	-5,296	-8.2%
Profit of Consolidated Group Companies	**58,348**	58,931	-583	-1.0%
Joint Ventures				
Revenue	**1,665,235**	1,602,633	62,602	3.9%
Cost of sales	**538,957**	542,984	-4,027	-0.7%
Share of post-tax profit of joint ventures	**263,277**	236,653	26,624	11.3%
Disposal of equity interest in Riqing Container	**-**	153,157	-153,157	-100.0%
Segment result	**321,625**	448,741	-127,116	-28.3%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as QQCT, Qingwei Container and others, without taking into account the respective shareholding percentages the Company has in those joint ventures. See "Summarised Financial Information of Joint Ventures" for more details on QQCT's financial information.

For the six months ended 30 June 2016, the Group achieved a container throughput of 8.86 million TEUs, representing an increase of 3.6% over the same period of last year, and the segment result was RMB322 million, representing a decrease of RMB127 million over the same period of last year. After deducting the gain of RMB153 million from the disposal of equity interest in Riqing Container, the segment result increased by RMB26 million, representing an increase of 8.8% over the same period of last year.

The result of this segment mainly originated from relevant joint ventures of the Company, and the changes in the result were mainly due to the following reasons：

(1) The Group further implemented the headquarters strategy for shipping companies, and opened ten international shipping lines including, among others, United States East Coast, Middle East, India and Pakistan, and Southeast Asia lines, the container vessels with a loading capacity over 13,000 TEUs calling at the port increased by 30%, and the international transit shipment grew by 20% over the same period of last year with newly-developed international transshipment channel.

(2) The Group seized the opportunity of "One Belt and One Road" national strategy, expanded the capacity of sea-rail intermodal transportation system and established presence in inland ports. The sea-rail intermodal transportation routes increased to 31 and the container volume attributable to sea-rail intermodal transportation increased by 51.3% over the same period of last year, further enhancing our competitive influence in the hinterland market of inland China.

(3) The increased handling volume as well as adjusted and optimized business policies resulted in an increase in the investment income from QQCT by 13.0%.

(2) Metal ore, coal and other cargo handling and ancillary services

Unit: RMB'000

Item	For the six months ended 30 June			
	2016	**2015**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**1,364,351**	1,462,244	-97,893	-6.7%
Cost of sales	**936,463**	1,075,130	-138,667	-12.9%
Gross profit	**427,888**	387,114	40,774	10.5%
Profit of Consolidated Group Companies	**272,267**	265,595	6,672	2.5%
Joint ventures				
Revenue	**631,627**	593,738	37,889	6.4%
Cost of sales	**471,342**	474,821	-3,479	-0.7%
Share of post-tax profit of joint ventures	**7,482**	-2,383	9,865	-
Segment result	**279,749**	263,212	16,537	6.3%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as QDOT, West United and Huaneng Qingdao without taking into account the respective shareholding percentages the Company has in those joint ventures.

For the six months ended 30 June 2016, the Group achieved metal ore, coal and other cargo throughput of 91.53 million tons, representing an increase of 10.1% over the same period of last year. The segment result was RMB280 million, representing an increase of RMB17 million, or 6.3%, over the same period of last year.

The changes in the result were mainly due to the following reasons：

(1) The adjustment of the mix of the cargo types and business policies decreased the revenue of subcontract business of Consolidated Group Companies by RMB80 million, and the provision of "volume and price guarantee" policy to clients in order to respond to the market competition and enhance market share resulted in a decrease of average rates.

(2) The decrease in the subcontract business cost of Consolidated Group Companies resulting from the adjustment of the mix of the cargo types and business policies, and the decrease in the labor cost of Consolidated Group Companies resulting from employee relocating to align with the above adjustment, as well as the decrease in the cost of equipment maintenance and energy consumption, making the cost of sales of Consolidated Group Companies decreased.

(3) 18 Valemax ore carriers berthed Dongjiakou Port Area, which symbolized a normalized berthing, and the value-added businesses including ore mixing, ore distribution and bonded storage expanded, which brought an increase in the income of joint ventures and the share of post-tax profit of joined ventures increased by RMB10 million.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

Item	**For the six months ended 30 June**			
	2016	**2015**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**55,816**	52,774	3,042	5.8%
Cost of sales	**8,466**	8,898	-432	-4.9%
Gross profit	**47,350**	43,876	3,474	7.9%
Profit of Consolidated Group Companies	**46,305**	43,576	2,729	6.3%
Joint Ventures				
Revenue	**501,319**	414,533	86,786	20.9%
Cost of sales	**202,074**	153,168	48,906	31.9%
Share of post-tax profit of joint ventures	**101,013**	88,821	12,192	13.7%
Segment result	**147,318**	132,397	14,921	11.3%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as Qingdao Shihua and Haiwan Liquid Chemical without taking into account the shareholding percentage of the Company has in those joint ventures. See "Summarised Financial Information of Joint Ventures" for more details on Qingdao Shihua's financial information.

For the six months ended 30 June 2016, the Group achieved liquid bulk throughput of 33.75 million tons, representing an increase of 12.4% over the same period of last year. The segment result was RMB147 million, representing an increase of RMB15 million, or 11.3%, over the same period of last year.

The result of such segment mainly originated from relevant joint ventures of the Company, and the changes in the result were mainly due to the following reasons：

(1) The Group seized the opportunity that the import quota and process quota of crude oil were released for local refineries in Shandong province, and fully accelerated the four-mode transportation efficiency including railway, pipeline, highway and waterway, and gave full play to the terminal resources, achieving an increase in the handling volume and revenue of Qingdao Shihua.

(2) The crude oil terminal of Qingdao Shihua in Dongjiakou Port Area increased its production and achieved profit. In the future, the ancillary oil tanks in the Dongjiakou Port Area and the pipelines from Dongjiakou to the middle and northern areas in Shandong province will be successively completed and put into use, which will gradually increase the throughput of crude oil terminal in Dongjiakou Port Area.

(4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June 2016	2015	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**1,597,728**	1,120,120	477,608	42.6%
Cost of sales	**1,020,295**	726,465	293,830	40.4%
Gross profit	**577,433**	393,655	183,778	46.7%
Profit of Consolidated Group Companies	**509,939**	353,243	156,696	44.4%
Joint ventures and an associate				
Revenue	**369,408**	329,808	39,600	12.0%
Cost of sales	**261,162**	225,218	35,944	16.0%
Share of post-tax profit of joint ventures and an associate	**26,855**	27,544	-689	-2.5%
Segment result	**536,794**	380,787	156,007	41.0%

Note: Amount of revenue and cost of sales of joint ventures and an associate represents the total amount of revenue and cost of sales in the financial information of joint ventures and the associate of the Company providing logistics and port value-added services, without taking into account the respective shareholding percentages the Company has in those joint ventures and the associate.

On basis of strengthening our position as a traditional terminal operator, the Group adopted vertically-integrated development policy, vigorously developed "door-to-door" whole-process logistics services by focusing on its traditional stevedoring businesses and extending the port logistics industry chain, aiming to transform to a modern logistics services provider and logistics supply chain operations organizer and create a healthy and sustainable profit model.

For the six months ended 30 June 2016, the Group recorded a segment result of RMB537 million, representing an increase of RMB156 million, or 41.0%, over the same period of last year.

The changes in the result were mainly due to the following reasons:

(1) Agency business provided "one-stop" whole-process services to clients covering booking shipping space, transportation, storage and settlement, and strengthened branding operation, resulting in the business volume of shipping agency and freight forwarding of Consolidated Group Companies amounted to over three times compared to the same period of last year, with an increase of the profit before income tax by RMB85 million.

(2) The strong alliance in CFS business exerted synergies and strengthened competiveness. With four newly-established joint CFS, the total import and export container handling volume increased by 93%, the market share increased by 12 percentage points and the profit before income tax increased by RMB70 million, compared to the same period of last year.

(3) Following the development of stevedoring business, the tallying business developed steadily, increasing the profit before income tax by RMB14 million.

(4) The Group adjusted the charging standard of tugging fees in towing business due to the port charging standard reform in China, decreasing the profit before income tax by RMB13 million.

(5) Port ancillary services

Unit: RMB'000

Item	For the six months ended 30 June			
	2016	2015	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**998,826**	829,068	169,758	20.5%
Cost of sales	**743,247**	611,462	131,785	21.6%
Gross profit	**255,579**	217,606	37,973	17.5%
Profit of Consolidated Group Companies	**232,919**	152,237	80,682	53.0%
Segment result	**232,919**	152,237	80,682	53.0%

For the six months ended 30 June 2016, the segment result of the Group from port ancillary services amounted to RMB233 million, representing an increase of RMB81 million, or 53.0%, compared to the same period of last year.

The changes in the result were mainly due to the following reasons：

The traditional businesses such as power supply and port engineering construction services led to the increase in the profit before income tax by RMB34 million; the new businesses such as information technology, property management and culture and media services led to the increase in the profit before income tax by RMB20 million; and the newly-established Consolidated Group Companies engaging in trade and security services led to the increase in the profit before income tax by RMB11 million.

(6) Financial services

Unit: RMB'000

Item	For the six months ended 30 June			
	2016	2015	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**146,974**	141,958	5,016	3.5%
Cost of sales	**18,691**	15,198	3,493	23.0%
Gross profit	**128,283**	126,760	1,523	1.2%
Profit of Consolidated Group Companies	**120,827**	98,338	22,489	22.9%
Segment result	**120,827**	98,338	22,489	22.9%

The Group regarded the integrative development model of "Industry Plus Finance" as the main thread, vigorously innovated business model, focused on improving profitability and diversified financial business, to form a financial ecosystem of the port with Qingdao Finance as the core and other financial services such as financial leasing, asset management and insurance agency services as the supplement.

For the six months ended 30 June 2016, the segment result of the Group from financial services amounted to RMB121 million, representing an increase of RMB22 million, or 22.9% compared to the same period of last year.

The changes in the result were mainly due to the following reasons：

(1) The fast growth of the basic businesses such as the proprietary lending and entrusted loans, as well as the start-up of the intermediary businesses such as transfer discount business and rediscount business of Qingdao Finance led to the increase in the profit before income tax by RMB15 million.

(2) Business such as the sale and leaseback of Qingdao Financial Leasing led to the increase in the profit before income tax by RMB5 million.

3. Financial Position Analysis

Unit: RMB'000

Item	**As at 30 June 2016**	**As at 31 December 2015**	**Amount Changed**	**Percentage Changed**
Cash at bank and on hand	**8,653,483**	7,558,190	1,095,293	14.5%
Long-term receivables	**3,718,332**	1,679,671	2,038,661	121.4%
Long-term equity investments	**4,757,799**	4,698,040	59,759	1.3%
Fixed assets	**8,669,061**	8,479,171	189,890	2.2%
Construction in progress	**3,955,454**	3,490,376	465,078	13.3%
Other payables	**8,333,964**	8,241,744	92,220	1.1%
Bonds payable	**3,500,000**	-	3,500,000	

As at 30 June 2016, the Group's Cash at bank and on hand increased by RMB1,095 million, or 14.5%, mainly due to the increase from operating activities amounted to RMB330 million, the decrease from investing activities amounted to RMB4,179 million, the increase from financing activities amounted to RMB4,146 million, and the increase from restricted funds for the maturity of the term deposits with initial term of over three months amounted to RMB797 million compared to the beginning of the year.

As at 30 June 2016, the Group's long-term receivables increased by RMB2,039 million, or 121.4%, compared to the beginning of the year, due to the Group provided loans to its related parties.

As at 30 June 2016, the Group's long-term equity investments increased by RMB60 million, or 1.3%, compared to the beginning of the year, mainly due to the investment income as recognized by the Group under the equity method has exceeded the dividends as declared by joint ventures and an associate for the six months ended 30 June 2016.

As at 30 June 2016, the Group's fixed assets increased by RMB190 million, compared to the beginning of the year, mainly due to the additional fixed assets increased by RMB415 million, and the provision for depreciation of fixed assets decreased by RMB225 million.

As at 30 June 2016, the Group's construction in progress increased by RMB465 million, or 13.3%, compared to the beginning of the year, mainly due to the berth project for dry bulk and general cargo in Dongjiakou Port Area increased by RMB412 million, the oil tanks project in Dongjiakou Port Area increased by RMB348 million, the yard and other projects in Dongjiakou Port Area increased by RMB72 million and the decrease of RMB367 million by port basin deepening and dredging projects in Qianwan Port Area transferred to fixed assets.

As at 30 June 2016, the Group's other payables increased by RMB92 million, or 1.1%, compared to the beginning of the year, mainly due to the increase of RMB113 million in the deposits of members with Qingdao Finance.

As at 30 June 2016, the Group's bonds payable increased by RMB3,500 million, compared to the beginning of the year, as the Group issued corporate bonds of RMB3,500 million in the reporting period.

4. Cash Flow Analysis

For the six months ended 30 June 2016, the Group's net cash inflow amounted to RMB298 million. Net cash inflow from operating activities amounted to RMB330 million, mainly derived from the operating profit of Consolidated Group Companies. Net cash outflow from investing activities amounted to RMB4,179 million, mainly comprising cash inflow of RMB334 million through the receipt of dividends from joint ventures and an associate, cash inflow of RMB150 million from receipt of interests, cash outflow of RMB1,873 million for loans advanced to members, cash outflow of RMB1,160 million for purchasing principal-guaranteed wealth management products and deposits with initial term of over three months, cash outflow of RMB1,273 million for purchasing and construction of port assets, cash outflow of RMB345 million arising from the increase of mandatory reserve deposit by Qingdao Finance. Net cash inflow from financing activities amounted to RMB4,146 million, mainly due to cash inflow of RMB3,500 million from issuing the corporate bonds, cash inflow of RMB336 million from a discount of acceptance bills before its maturity, cash inflow of RMB274 million from equity investment of non-controlling interests of Consolidated Group Companies.

In order to facilitate the understanding of shareholders and investors, after eliminating the impact of Qingdao Finance and the Group's purchases of the principal-guaranteed wealth management products and the deposits with initial term of over three months on cash flow, the net cash inflow of the Group amounted to RMB2,324 million.

5. Liquidity and Financial Resources

As at 30 June 2016, the Group's cash at bank and on hand amounted to RMB8,653 million, and the principal-guaranteed wealth management products amounted to RMB850 million, which were mainly denominated by RMB. After eliminating the impact of Qingdao Finance, the Group's self-owned cash at bank and on hand amounted to RMB4,139 million, and the principal-guaranteed wealth management products amounted to RMB850 million. After eliminating the impact of Qingdao Finance, The Group's total interest-bearing liabilities amounted to RMB3,927 million, including liabilities at fixed rates of RMB3,751 million and liabilities at floating rates of RMB176 million.

As at 30 June 2016, after eliminating the impact of Qingdao Finance, the amount of the Group's cash at bank and on hand exceeded its total interest-bearing borrowings.

6. Capital Structure

As at 30 June 2016, total equity of the Group amounted to RMB14,295 million, representing an increase of RMB747 million as compared with that of 31 December 2015, among which, the operating profit for the six months ended 30 June 2016 increased the total equity by RMB1,200 million, the declaration of year-end dividend by the Company for 2015 decreased the total equity by RMB665 million, the increase of non-controlling interests increased the total equity by RMB303 million, the payment for acquisition of corresponding assets group regarding as business combination under common control decreased the total equity by RMB198 million, and actuarial gains from supplemental retirement benefits increased the total equity by RMB99 million.

As at 30 June 2016, the Company has issued 4,778,204,000 shares, of which 856,024,000 shares are H shares. The total market capitalization and H share market capitalization of the Company was HK$16,771 million and HK$3,005 million, respectively (calculated based on the closing price as at 30 June 2016).

7. Interest Rate and Exchange Rates Risks

As at 30 June 2016, cash at bank and on hand, receivables, payables and bank borrowings of RMB2,793 million, RMB2,324 million, RMB6,236 million and RMB176 million are subjected to floating rates, respectively. The Group has assessed the interest rate risk and anticipated that interest rate risk will have no material impact on the results and financial position of the Group.

As the Group's business activities are mainly conducted in the PRC and settled in RMB, fluctuation in exchange rates do not have a material impact on the Group.

The Group will continue to closely monitor interest rate and exchange rates risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rates risks for the six months ended 30 June 2016.

8. Financial Indicators

Indicators	For the six months ended 30 June 2016	2015	Change
Return on total assets	**3.7%**	4.0%	-0.3 percentage points
Return on equity	**9.0%**	8.9%	0.1 percentage points
Current ratio	**1.12**	1.16	-0.04
Quick ratio	**1.08**	1.13	-0.05
Account receivables turnover	**3.25**	2.55	0.70
Account receivables turnover days	**56 days**	71 days	-15 days

For six months ended 30 June 2016, return on total assets of the Group was 3.7%, representing a decrease of 0.3 percentage point over the same period of last year, mainly due to issue of corporate bonds of RMB3,500 million, leading the growth rate of total assets exceeded the growth rate of net profit. Return on equity of the Group was 9.0%, representing an increase of 0.1 percentage point over the same period of last year. The account receivables turnover ratio of the Group was 3.25, representing an increase of 0.70 over the same period of last year, and the account receivables turnover days was 56 days, representing a decrease of 15 days over the same period of last year, mainly due to we enhanced to monitor and collect the account receivables to ensure the total amount of account receivables within control under the situation of growth in revenues.

Summarized Financial Information of Joint Ventures

Set out below are the summarised financial information of joint ventures which are accounted for using the equity method, and are material to the Group in the view of the Directors.

Unit: RMB'000

	QQCT For the six months ended 30 June 2016	2015	Qingdao Shihua For the six months ended 30 June 2016	2015
Revenue	**1,596,121**	1,534,829	**499,956**	414,533
Cost of sales	**(500,731)**	(504,538)	**(201,149)**	(153,168)
Total profit	**1,088,747**	968,288	**273,002**	240,290
Income tax expenses	**(258,888)**	(245,558)	**(68,335)**	(59,608)
Net profit	**829,860**	722,730	**204,667**	180,682
Attributable to non-controlling interests	**(8,888)**	3,925	**-**	-
Net profit attributable to shareholders of joint ventures	**820,972**	726,655	**204,667**	180,682
Equity interest held by the Group	**31%**	31%	**50%**	50%
Share of post-tax profit by the Group before elimination	**254,501**	225,263	**102,333**	90,341
Unrealised profit	**-**	-	**(1,010)**	(1,424)
Other adjustment	**(296)**	(386)	**-**	-
Share of post-tax profit by the Group	**254,205**	224,877	**101,323**	88,917

The Influence of Qingdao Finance to the Consolidated Statements of the Group

To facilitate the understanding of shareholders and investors, set out below is a brief summary of the influence on the consolidated balance sheet and consolidated income statement of the Group caused by the deposit and credit granting business of Qingdao Finance.

Unit: RMB'000

Consolidated balance sheet	**30 June 2016**	**31 December 2015**
Cash at bank and on hand	**4,514,397**	4,986,899
Interests receivable	**20,793**	11,389
Other receivables	**285,925**	241,127
Current portion of non-current assets	**44,400**	26,972
Long-term receivables	**1,815,862**	1,481,175
Other payables	**6,388,043**	6,274,574
Interests payable	**10,251**	6,430
General reserve	**77,670**	77,670

Unit: RMB'000

Consolidated income statement	**For the six months ended 30 June**	
	2016	**2015**
Finance expenses – interest income	**137,237**	139,424
Finance expenses – interest expenses	**(20,759)**	(14,802)

III. SIGNIFICANT CAPITAL INVESTMENT

For the six months ended 30 June 2016, the Group had significant capital investment of RMB1,106 million (including a payment of RMB180 million due to purchasing the tugboat assets group from Qingdao Port Investment Shipping Co., Ltd, one of the subsidiaries of Qingdao Port Investment and Construction (Group) Co., Ltd), mainly attributable to the terminal projects of Dongjiakou Port Area, oil tanks projects in Dongjiakou Port Area, pipeline project from Dongjiakou to the middle and northern areas of Shandong province and other projects and equipment investment.

IV. SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

For the six months ended 30 June 2016, there is no significant acquisition and disposal relating to subsidiaries, joint ventures and associates of the Group.

V. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2016, none of the Group's assets were mortgaged or pledged.

VI. CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities.

VII. EMPLOYEES

As at 30 June 2016, the Company had 6,839 employees and its subsidiaries and principal joint ventures had 5,703 employees. The Group implements a "two match" policy to match the growth of employees' income with the growth of the Company's results and match the increase in labor remuneration with the increase in production rate so as to link the remunerations of employees with the results of the Company. Employees' remunerations are adjusted annually in accordance with working performance of the employees, human resources market condition and the economic environment. We implement a basic salary and a performance-based salary system for our senior management of the Company. 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 self-improvement of skills related to their positions.

VIII. DESCRIPTION OF OTHER MATTERS

Dagang Port Area is planned to be transformed and upgraded into a home port for cruise liners, therefore, the operations at Dagang Port Area will gradually be relocated to Dongjiakou Port Area and Qianwan Port Area. As at 30 June 2016, the construction of the international home port for cruise liners had no effect on the operation of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2016, the Group has not received any relocation plan or related notice, and not obtained any information that surrounding clients and businesses be relocated to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area was not affected.

IX. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 30 June 2016.

X. OUTLOOK FOR THE SECOND HALF OF 2016

In the second half of 2016, the Group will actively respond to the external situation of economic growth slowdown and comparative downward pressure, adhere to the innovation-driven philosophy, complete port functions by strengthening traditional advantages and developing new businesses, expand space for diversified profit, and speed up in developing into a whole-process logistics service provider and an organizer of the logistics supply chain, to maintain a healthy and sustainable development. As such, the Group will put emphasis on the following six aspects:

1. **To creatively develop stevedoring operations as main business**

For the container business, we will further implement the headquarters' strategy and optimize brands to attract shipping companies to add international shipping lines and expand feeder-line network in Qingdao port to increase international transshipment businesses and maintain the first place in the quantity and density of shipping lines among other ports in Northern China.

For the dry bulk and break bulk business, we will further intensify our strategic cooperation with major miners, major traders and major steel mills and enhance bonded businesses, blending, processing, distribution, and futures delivery businesses to speed up the building of ore distribution center in Northeast Asia.

For the liquid bulk business, we will break through the bottleneck in capacities and improve the storage capacity and pipeline transportation capacity to meet the import demand of local refineries in Shandong province. We will put the newly-built oil tanks of 2.46 million cubic meters in Dongjiakou Port Area into trial operation and target to complete the construction of oil pipelines from Dongjiakou to Weifang and put them into use by the end of this year.

2. **To expand and strengthen comprehensive logistics services**

We will continue to strengthen the agency and CFS business, by taking freight forwarding as a leading business, and pushing forward a multi-link and collaborative operation of shipping agency, booking shipping space, terminals, CFS, storage, transportation and distribution, in order to create overall advantage, lower clients' cost and expand the market share.

We will promote the application of dispatching platform in the long-haul, make full use of about 16,000 trucks and 350 distribution stations being registered on the platform to cover the majority of long-distance transportation hubs related to the Port of Qingdao. We will further optimize truck-cargo matching and provide consolidated dispatching services for cargo sources, flow directions and trucks to extend the road transportation profit chain.

3. **To steadily expand the financial sector**

We will enhance capital operation ability with the full license layout of Qingdao Finance. We will consummate the centralized operation functions of the bill pool and intensify the use of bill financing tools to lift working capital gains, promote the development of spot foreign exchange transaction, buyers' credit business and financial product investment business, and further expand the development space of Qingdao Finance.

We will accelerate industry-finance integration and build up a platform to share the service of industrial finance, innovate new mode of pledge supervision to enhance the integration of finance and trading, so as to strengthen financing support to downstream industries and promote the development of our main businesses. We will actively develop the new projects, such as financial leasing, asset management, industry fund, to enhance our service functions, and improve our profitability.

4. To accelerate the construction of intelligent port

We have been implementing the automatic container port project and will strive to meet the trial operation conditions by the end of this year.

We will step up the construction of logistics e-commerce ecosystem. We will speed up the upgrading of business and production management system and the construction of a logistics e-commerce network service system, in order to realize more online port service business and unmanned and intelligent upgrading in tallying and storage management.

Speed up the construction of the cooperative office system, upgrade the OA system, expand the professional office platform, promote the mobile internet and online approval system to improve the intelligence management level of the port.

5. To step up the implementation of global layout

We will promote the strategic cooperation with large domestic and overseas shipping companies, international terminal operators and policy banks to benefit from complementary advantages, and prudently carry forward cooperative projects on port terminals and logistics parks in Africa and Southeast Asia.

6. To continuously improve corporate management

We will strengthen cost and comprehensive budget management based on key performance index analysis to improve operation process, and improve the efficiency and the profit.

We will intensify risk control in all port operation processes, improve risk control mechanism, and strengthen our risk management in a multi-layered and wide-ranging way.

We will lay emphasis on human resources reform with the orientation of management organization flattening and resource allocation intensification, optimize staff allocation, integrate organizations and positions, boost outsourcing transformation, improve incentive mechanism, and tap the potential of human resources.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability.

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2016.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code of Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors and supervisors of the Company. Specific enquiry has been made to all the Directors and supervisors of the Company and each of the Directors and supervisors of the Company has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2016.

REVIEW OF UNAUDITED INTERIM RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES BY THE COMPANY

No purchase, sale and redemption of any listed securities of the Company was made by the Company or any of its subsidiaries for the six months ended 30 June 2016.

USE OF PROCEEDS FROM THE LISTING

The net proceeds of the capital raised by the Company through the issue of H shares amounted to approximately RMB2,198 million. As at 30 June 2016, we invested RMB1,514 million of the proceeds from the Global Offering in the projects as disclosed in the Prospectus and used RMB270 million to fund our working. The proceeds from the listing have been used in the way as disclosed in the Prospectus.

DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016.

PUBLICATION OF INTERIM REPORT

The interim report for the six months ended 30 June 2016 will be published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com), and dispatched to shareholders of the Company in due course.

By Order of the Board
Qingdao Port International Co., Ltd.
Zheng Minghui
Chairman

Qingdao, the PRC, 19 August 2016

As at the date of this announcement, the Executive Directors of the Company are ZHENG Minghui, JIAO Guangjun and JIANG Chunfeng; the Non-executive Directors are CHENG Xinnong, MA Baoliang and ZHANG Qingcai; and the Independent Non-executive Directors are WANG Yaping, CHAU Kwok Keung and YANG Qiulin.

Definitions

The following expressions have the meanings set out below unless the context requires otherwise:

"Board"	the board of directors of the Company
"CFS"	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
"Company"	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on November 15, 2013
"Consolidated Group Companies"	the Companies (including their branches) and their subsidiaries which are consolidated into in the consolidated financial statements of the Company excluding share of post-tax of an associate and joint ventures when referring to income information.
"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
"Director"	the director(s) of the Company
"Global Offering"	the offer for subscription of the Company's H shares in 2014
"Group", "we", "our" or "us"	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and an associate of the Company
"Haiwan Liquid Chemical"	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huaneng Qingdao"	Huaneng Qingdao Port Operation Co., Ltd. (華能青島港務有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"One Belt and One Road"	the Silk Road Economic Belt and 21st Century Maritime Silk Road
"Prospectus"	the listing document of the Company in relation to the Global Offering dated 26 May 2014
"PRC"	the People ́s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
"QDOT"	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
"QDP"	Qingdao Port (Group) Co., Ltd. (青島港（集團）有限公司), the controlling shareholder of the Company
"Qingdao Finance"	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its group companies
"Qingdao Financial Leasing"	Qingdao Port International Financial Leasing Co., Ltd. (青島港國際融資租賃有限公司), a wholly-owned subsidiary established by the Company in June 2015
"Qingdao Shihua"	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
"Qingwei Container"	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing container handling and ancillary services

"QQCT"	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds 31% equity interests, which is mainly engaged in the business of providing container handling and ancillary services
"Riqing Container"	Rizhao Riqing Container Terminal Co., Ltd. (日照日青集裝箱碼頭有限公司) former joint venture of the Company in which the Company held 50% equity interests, whose 50% equity interests held by the Company was disposed of and transferred by the Company to Rizhao Port Group Co., Ltd. (日照港集團有限公司) in February 2015
"TEU"	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, a height of eight feet and six inches and a width of eight feet
"Valemax"	the largest dry bulk carrier in the world with a capacity of up to 400,000 DWTs, which is mainly used to transport, among other things, ore and ore sand exploited from mines in Brazil
"West United"	Qingdao Qianwan West Port United Terminal Co., Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services