秦皇島港股份有限公司
QINHUANGDAO PORT CO., LTD.*

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

(Stock Code: 3369)

2016 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

– For the Reporting Period, our revenue amounted to RMB2,388,259 thousand, representing a decrease of RMB1,086,170 thousand or approximately 31.26% as compared with the revenue of RMB3,474,429 thousand for the corresponding period of 2015.

– For the Reporting Period, we recorded the gross profit of RMB590,238 thousand, representing a decrease of RMB944,595 thousand or 61.54% as compared with the gross profit of RMB1,534,833 thousand for the corresponding period of 2015. Our gross profit margin for the Reporting Period was 24.71%, representing a decrease of approximately 19.47 percentage points as compared with 44.18% for the corresponding period of 2015.

– For the Reporting Period, our net profit amounted to RMB139,923 thousand, representing a decrease of RMB789,892 thousand or 84.95% from RMB929,815 thousand for the corresponding period of 2015. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB137,364 thousand, representing a decrease of RMB790,102 thousand or 85.19% from RMB927,466 thousand for the corresponding period of 2015.

– For the Reporting Period, our earnings per Share amounted to RMB0.0273, representing a decrease of 85.20% from RMB0.1844 for the corresponding period of 2015.

The Board announces the unaudited consolidated results of the Group for the Reporting Period prepared pursuant to the relevant requirements of the Listing Rules, together with the comparative figures for the corresponding period of 2015.

* *For identification purpose only*

UNAUDITED CONSOLIDATED BALANCE SHEET

30 June 2016
RMB

Assets	*Note*	**30 June 2016 (unaudited)**	31 December 2015
Current assets			
Cash and bank balances		**2,512,589,508.08**	2,483,302,306.65
Bills receivable	*1*	**93,079,224.11**	83,760,965.06
Accounts receivable	*2*	**188,427,223.66**	178,236,586.19
Prepayments		**8,812,350.80**	5,347,566.22
Interest receivable		**40,000.00**	24,225.00
Dividends receivable		**108,236,500.00**	–
Other receivables		**22,215,313.61**	19,316,925.30
Inventories	*3*	**208,440,392.49**	197,221,032.56
Other current assets		**346,375,647.49**	198,769,174.41
Total current assets		**3,488,216,160.24**	3,165,978,781.39
Non-current assets			
Available-for-sale financial assets		**710,376,014.95**	710,376,014.95
Long-term equity investments		**1,490,551,793.94**	1,505,195,201.36
Investment properties		**6,212,050.00**	6,286,150.00
Fixed assets	*4*	**10,705,735,474.42**	11,007,187,787.64
Construction in progress	*5*	**9,731,339,034.62**	9,655,820,466.36
Intangible assets		**923,794,577.10**	934,630,231.45
Long-term prepaid expenses		**3,436,615.49**	3,586,952.39
Deferred tax assets		**161,085,146.37**	175,566,609.12
Other non-current assets		**7,458,445.00**	5,662,384.75
Total non-current assets		**23,739,989,151.89**	24,004,311,798.02
Total assets		**27,228,205,312.13**	27,170,290,579.41

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)
30 June 2016
RMB

Liabilities and shareholders' equity	Note	30 June 2016 (unaudited)	31 December 2015
Current liabilities			
Short-term borrowings	6	**1,682,000,000.00**	1,450,000,000.00
Accounts payable	7	**162,671,278.31**	100,933,703.32
Deposits received	8	**309,381,785.47**	387,831,826.28
Employee benefits payable		**130,924,534.78**	117,489,734.18
Taxes payable	9	**17,506,620.95**	64,247,956.26
Interest payable		**15,312,351.37**	17,522,440.97
Dividends payable		**754,412,109.29**	2,309.54
Other payables		**1,336,907,489.87**	1,438,689,342.57
Non-current liabilities due within one year		**1,214,010,732.92**	679,102,320.56
Total current liabilities		**5,623,126,902.96**	4,255,819,633.68
Non-current liabilities			
Long-term borrowings	10	**8,762,267,715.84**	9,455,851,621.98
Long-term Employee benefits payable		**68,834,035.47**	65,492,908.50
Deferred income		**335,471,194.48**	352,227,786.10
Total non-current liabilities		**9,166,572,945.79**	9,873,572,316.58
Total liabilities		**14,789,699,848.75**	14,129,391,950.26
Shareholders' equity			
Share capital		**5,029,412,000.00**	5,029,412,000.00
Capital reserve		**4,506,903,112.81**	4,506,903,112.81
Other comprehensive income		**2,632,175.10**	1,788,437.76
Special reserve		**21,899,283.23**	10,884,608.51
Surplus reserve		**1,015,722,853.98**	1,015,722,853.98
Retained profit		**634,273,642.53**	1,251,321,607.34
Total equity attributable to shareholders of the parent		**11,210,843,067.65**	11,816,032,620.40
Minority interests		**1,227,662,395.73**	1,224,866,008.75
Total shareholders' equity		**12,438,505,463.38**	13,040,898,629.15
Total liabilities and shareholders' equity		**27,228,205,312.13**	27,170,290,579.41

UNAUDITED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2016
RMB

	Note	**For the six months ended 30 June 2016 (unaudited)**	For the six months ended 30 June 2015 (unaudited)
Revenue	*11*	**2,388,258,879.82**	3,474,429,018.16
Less: Operating costs	*11*	**1,798,020,796.73**	1,939,595,524.49
Business tax and surcharges		**11,246,414.50**	17,418,856.81
Selling expenses		**72,551.04**	44,333.92
Administrative expenses		**386,921,667.41**	383,564,562.03
Financial costs	*12*	**116,136,289.87**	152,047,648.94
Asset impairment loss		**(25,941,805.98)**	83,021.85
Add: Investment income	*13*	**67,183,408.49**	171,042,591.98
Including: investment income from associates and joint ventures		**60,302,892.05**	108,613,410.80
Operating profit		**168,986,374.74**	1,152,717,662.10
Add: Non-operating income	*14*	**17,637,717.11**	42,472,030.82
Including: gain on disposal of non-current assets		**237,851.68**	827,209.64
Less: Non-operating expenses		**2,874,553.14**	6,502,403.34
Including: losses on disposal of non-current assets		**352,751.44**	6,252,034.79
Total profit		**183,749,538.71**	1,188,687,289.58
Less: income tax expenses	*15*	**43,826,517.33**	258,872,511.29
Net profit		**139,923,021.38**	929,814,778.29
Net profit attributable to shareholders of the parent		**137,363,835.19**	927,465,711.51
Minority interests		**2,559,186.19**	2,349,066.78

UNAUDITED CONSOLIDATED INCOME STATEMENT (CONTINUED)
For the six months ended 30 June 2016
RMB

	Note	**For the six months ended 30 June 2016 (unaudited)**	For the six months ended 30 June 2015 (unaudited)
Other comprehensive income, net of tax			
Other comprehensive income attributable to shareholders of the parent, net of tax			
Other comprehensive income that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign currency denominated financial statement		**843,737.34**	(697,922.36)
Other comprehensive income attributable to minority shareholders, net of tax		**–**	–
Total comprehensive income		**140,766,758.72**	929,116,855.93
Including:			
Total comprehensive income attributable to shareholders of the parent		**138,207,572.53**	926,767,789.15
Total comprehensive income attributable to minority shareholders		**2,559,186.19**	2,349,066.78
Earnings per share			
Basic and diluted earnings per share	*16*	**0.03**	0.18

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
30 June 2016

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd.* (the "Company") is a joint stock company with limited liability incorporated in Hebei Province, the People's Republic of China on 31 March 2008. The H Shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 12 December 2013. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province.

The main operating activities of the Company and its subsidiaries (collectively referred to as the "Group") are: provision of terminal facilities for vessels and provision of port services such as loading and discharging, stacking, warehousing, transportation, container stacking and less than container load services; other port related services such as tugboat service, lease and repair of harbour facilities, equipment and machinery, cargo weighing, freight forwarding, port tallying and provision of power and electrical engineering services; and import and export services of goods. The Group's port services mainly handle coal and metal ores as well as other types of cargo including oil and liquefied chemicals and general cargo and containers.

The parent and ultimate controlling shareholder of the Company is Hebei Port Group Co., Ltd. ("HPG"), which was established in the People's Republic of China.

The financial statement has been approved by the board of directors of the Company by resolutions on 30 August 2016.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope is consistent with that of previous year during the accounting period for the six months ended 30 June 2016.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with "Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the Ministry of Finance, thus they do not include all the information and disclosures in the audited financial statements for the year ended 2015. Therefore, these interim financial statements should be read together with the financial statements of the Group for the year ended 2015 prepared pursuant to the accounting standards for business enterprises.

As of 30 June 2016, the Group's net current liabilities amounted to approximately RMB2.135 billion, of which current assets amounted to approximately RMB3.488 billion and current liabilities amounted approximately RMB5.623 billion. In preparing the financial statements, the management have considered the Group's sources of liquidity, and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

These financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

III. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax ("VAT")	–	The Group is subject to VAT at tax rate of 17% on the taxable sales. The VAT payable is determined by the output VAT net of deductible input VAT for the current period.
	–	From 1 August 2013, according to the Circular on Tax Policies in the Nationwide Pilot Practice of Levying VAT in Lieu of Business Tax on the Transportation Industry and Some Modern Services Industries (關於在全國開展交通運輸業和部份現代服務業營業稅改徵增值稅試點稅收政策的通知), which was jointly published by the Ministry of Finance and the State Administration of Taxation on 27 May 2013, the Group's related port service revenues are taxable to VAT which replaces business taxation. The applicable tax rate is 6%, and is levied after deducting deductible input VAT for the current period.
Business tax	–	It is levied at 5% of the taxable business turnover.
City maintenance and construction tax	–	It is levied at 7% of VAT and business tax paid actually.
Enterprise income tax	–	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences. The tax rate for overseas subsidiaries is 16.5%.
Property tax	–	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income of the properties.

2. Tax Preferences

Enterprise income tax

As recognised by relevant authorities, Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd. are eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by above companies from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for a tax exemption for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bills Receivable

	30 June 2016 (unaudited)	31 December 2015
Commercial acceptance notes	**–**	6,000,000.00
Bank acceptance notes	**93,079,224.11**	77,760,965.06
	93,079,224.11	83,760,965.06

As at 30 June 2016, no bills receivable of the Group was pledged (31 December 2015: nil).

Bills receivable which were endorsed but undue as at the balance sheet date were as follows:

	30 June 2016 (unaudited)		31 December 2015	
	Derecognised	**Not derecognised**	Derecognised	Not derecognised
Bank acceptance notes	**13,390,000.00**	**–**	8,250,000.00	–

2. Accounts Receivable

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest.

The ageing analysis of accounts receivable is normally presented based on relevant invoice and notice of payment. An ageing analysis of the accounts receivable is as follows:

	30 June 2016 (unaudited)	31 December 2015
Within 1 year	**126,631,871.43**	103,126,175.89
1 to 2 years	**75,483,111.56**	89,158,637.28
2 to 3 years	**284,983.95**	32,827.71
Over 3 years	**1,655,441.05**	1,655,441.05
	204,055,407.99	193,973,081.93
Less: Provision for bad debts	**15,628,184.33**	15,736,495.74
	188,427,223.66	178,236,586.19

The movements in the provision for bad debts are as follows:

	Opening balance in the period/year	Provision in the current period/year	Reversal in the current period/year	Write-off in the current period/year	Closing balance in the period/year
For the six months ended 30 June 2016 (unaudited)	15,736,495.74	209,766.28	(318,077.69)	–	15,628,184.33
2015	13,220,501.10	2,688,797.52	(172,802.88)	–	15,736,495.74

	30 June 2016 (unaudited)				31 December 2015			
	Balance		Provision for bad debts		Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	**126,631,871.43**	**62.06**	**6,207,824.71**	**5**	103,126,175.89	53.17	5,157,274.95	5
1 to 2 years	**75,483,111.56**	**36.99**	**7,702,787.09**	**10**	89,158,637.28	45.96	8,913,931.43	10
2 to 3 years	**284,983.95**	**0.14**	**62,131.48**	**30**	32,827.71	0.02	9,848.31	30
Over 3 years	**1,655,441.05**	**0.81**	**1,655,441.05**	**100**	1,655,441.05	0.85	1,655,441.05	100
	204,055,407.99	**100.00**	**15,628,184.33**		193,973,081.93	100.00	15,736,495.74	

As at 30 June 2016 and 31 December 2015, the Group performed the impairment test in respect of single accounts receivable that was significant, and considered there was no need for the provision for bad debts separately. The Group grouped these accounts receivable and made the provision for bad debts by method of ageing analysis.

3. Inventories

	30 June 2016 (unaudited)			31 December 2015		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	**85,178,152.09**	**–**	**85,178,152.09**	79,654,821.21	–	79,654,821.21
Fuels	**6,846,146.16**	**–**	**6,846,146.16**	6,306,216.48	–	6,306,216.48
Spare parts	**111,902,283.28**	**–**	**111,902,283.28**	108,369,833.83	–	108,369,833.83
Low-cost consumables	**2,795,510.61**	**–**	**2,795,510.61**	1,847,101.90	–	1,847,101.90
Finished goods	**1,718,300.35**	**–**	**1,718,300.35**	1,043,059.14	–	1,043,059.14
	208,440,392.49	**–**	**208,440,392.49**	197,221,032.56	–	197,221,032.56

4. Fixed Assets

For the six months ended 30 June 2016 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2016	2,902,849,663.25	7,431,040,336.37	7,412,516,280.18	457,834,667.72	211,285,292.31	18,415,526,239.83
Purchase	–	–	–	–	178,096.97	178,096.97
Transferred from construction in progress	181,791,384.24	–	27,207,723.45	2,470,395.14	455,170.09	211,924,672.92
Reclassification	8,168,333.00	5,046,352.00	(13,163,849.00)	–	(50,836.00)	–
Transferred to construction in progress due to renovation and retrofitting	–	–	(114,513.00)	–	–	(114,513.00)
Disposal for the period	–	–	(2,357,171.00)	(1,733,784.00)	(643,584.00)	(4,734,539.00)
30 June 2016	3,092,809,380.49	7,436,086,688.37	7,424,088,470.63	458,571,278.86	211,224,139.37	18,622,779,957.72
Accumulated depreciation						
1 January 2016	903,473,198.69	1,438,514,110.99	4,589,984,822.12	304,797,044.44	165,318,973.71	7,402,088,149.95
Provision for the period *(Note)*	65,513,701.18	148,064,717.42	272,363,237.62	20,735,601.43	6,490,381.90	513,167,639.55
Reclassification	822,653.38	448,704.74	(1,250,626.44)	–	(20,731.68)	–
Transferred to construction in progress due to renovation and retrofitting	–	–	(111,077.61)	–	–	(111,077.61)
Disposal for the period	–	–	(2,089,018.51)	(1,681,770.48)	(579,741.84)	(4,350,530.83)
30 June 2016	969,809,553.25	1,587,027,533.15	4,858,897,337.18	323,850,875.39	171,208,882.09	7,910,794,181.06
Provision for impairment						
1 January 2016 and 30 June 2016	–	–	6,162,977.29	–	87,324.95	6,250,302.24
Carrying amounts of fixed assets						
30 June 2016	2,122,999,827.24	5,849,059,155.22	2,559,028,156.16	134,720,403.47	39,927,932.33	10,705,735,474.42
1 January 2016	1,999,376,464.56	5,992,526,225.38	2,816,368,480.77	153,037,623.28	45,878,993.65	11,007,187,787.64

2015

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2015	2,782,995,709.25	7,407,358,422.30	7,392,679,632.52	449,199,834.91	205,217,783.99	18,237,451,382.97
Purchase	33,046.00	–	125,512.64	2,748,271.84	1,488,189.61	4,395,020.09
Transferred from construction in progress	119,820,908.00	23,681,914.07	113,834,939.31	10,642,060.97	6,641,760.71	274,621,583.06
Transferred to construction in progress due to renovation and retrofitting	–	–	(28,325,969.00)	–	–	(28,325,969.00)
Disposal for the year	–	–	(65,797,835.29)	(4,755,500.00)	(2,062,442.00)	(72,615,777.29)
31 December 2015	2,902,849,663.25	7,431,040,336.37	7,412,516,280.18	457,834,667.72	211,285,292.31	18,415,526,239.83
Accumulated depreciation						
1 January 2015	776,363,119.63	1,142,514,070.84	4,074,273,916.21	267,541,986.52	150,393,417.70	6,411,086,510.90
Provision for the period *(Note)*	127,110,079.06	296,000,040.15	595,499,706.03	41,867,892.92	16,887,894.13	1,077,365,612.29
Transferred to construction in progress due to renovation and retrofitting	–	–	(26,575,475.98)	–	–	(26,575,475.98)
Disposal for the year	–	–	(53,213,324.14)	(4,612,835.00)	(1,962,338.12)	(59,788,497.26)
31 December 2015	903,473,198.69	1,438,514,110.99	4,589,984,822.12	304,797,044.44	165,318,973.71	7,402,088,149.95
Provision for impairment						
1 January 2015	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Writing-back for the year	–	–	(2,406,172.91)	–	–	(2,406,172.91)
31 December 2015	–	–	6,162,977.29	–	87,324.95	6,250,302.24
Carrying amounts of fixed assets						
31 December 2015	1,999,376,464.56	5,992,526,225.38	2,816,368,480.77	153,037,623.28	45,878,993.65	11,007,187,787.64
1 January 2015	2,006,632,589.62	6,264,844,351.46	3,309,836,566.11	181,657,848.39	54,737,041.34	11,817,708,396.92

Note: For the six months ended 30 June 2016, depreciation of RMB1,058,609.18 (2015: RMB2,320,935.22) provided for machinery and equipment directly related to construction in progress of the Group was capitalised in construction in progress.

As at 30 June 2016, the Group has no fixed assets which were temporarily idle (31 December 2015: nil).

Fixed assets leased out under operating leases are as follows:

	30 June 2016 (unaudited)	31 December 2015
Terminal facilities	**819,247,705.12**	842,393,325.64
Machinery and equipment	**6,562,625.55**	25,118,876.98
Buildings	**16,107,275.90**	16,347,134.12
Vessels and transportation equipment	**–**	110,332.47
Office and other equipment	**7,282.42**	8,270.38
	841,924,888.99	883,977,939.59

5. Construction in Progress

	30 June 2016 (unaudited)			31 December 2015		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	**4,771,490,423.01**	**–**	**4,771,490,423.01**	4,713,322,622.32	–	4,713,322,622.32
Phase 2 of coal terminal project in Caofeidian	**4,784,732,891.63**	**–**	**4,784,732,891.63**	4,633,263,190.17	–	4,633,263,190.17
Commencing project of complex port zone in Huanghua Port	**63,429,767.82**	**–**	**63,429,767.82**	220,310,366.09	–	220,310,366.09
Construction project of wind-proof net for coal stacking yards	**1,922,973.00**	**–**	**1,922,973.00**	715,800.00	–	715,800.00
Renovation project for reutilization of wastewater with dust	**19,638,915.38**	**–**	**19,638,915.38**	13,953,619.38	–	13,953,619.38
Wastewater treatment project of Phase One and Phase Two coal project	**17,103,598.00**	**–**	**17,103,598.00**	16,337,266.00	–	16,337,266.00
Renovation project for dry fog dust suppression of dumpers	**9,048,197.76**	**–**	**9,048,197.76**	9,048,197.76	–	9,048,197.76
Others	**63,972,268.02**	**–**	**63,972,268.02**	48,869,404.64	–	48,869,404.64
Total	**9,731,339,034.62**	**–**	**9,731,339,034.62**	9,655,820,466.36	–	9,655,820,466.36

Management of the Company is of the opinion that no provision for impairment of construction in progress was necessary as at the balance sheet date.

For the six months ended 30 June 2016 (unaudited)

	Budget	Opening balance	Increase in the period	Transferred from fixed assets during the period	Transferred to fixed assets and intangible assets during the period	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	4,633,263,190.17	151,492,436.51	–	(22,735.05)	4,784,732,891.63	Loans from financial institutions and self-owned capital	89
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	4,713,322,622.32	59,328,332.15	–	(1,160,531.46)	4,771,490,423.01	Funds raised, loans from financial institutions and self-owned capital	83
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	220,310,366.09	24,910,785.97	–	(181,791,384.24)	63,429,767.82	Loans from financial institutions and self-owned capital	87
Construction project of wind-proof net for coal stacking yards	378,000,000.00	715,800.00	1,207,173.00	–	–	1,922,973.00	Self-owned capital	64
Renovation project for reutilization of wastewater with dust	32,020,000.00	13,953,619.38	5,685,296.00	–	–	19,638,915.38	Self-owned capital	65
Wastewater treatment project of Phase One and Phase Two coal project	33,790,000.00	16,337,266.00	766,332.00	–	–	17,103,598.00	Self-owned capital	51
Renovation project for dry fog dust suppression of dumpers	19,480,000.00	9,048,197.76	–	–	–	9,048,197.76	Self-owned capital	46
Others	1,119,393,318.66	48,869,404.64	46,567,313.46	3,435.39	(31,467,885.47)	63,972,268.02		
Total	20,358,104,864.39	9,655,820,466.36	289,957,669.09	3,435.39	(214,442,536.22)	9,731,339,034.62		

2015

	Budget	Opening balance	Increase in the year	Transferred from fixed assets during the year	Transferred to fixed assets and intangible assets during the year	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	4,313,504,767.56	321,781,121.05	–	(2,022,698.44)	4,633,263,190.17	Loans from financial institutions and self-owned capital	86
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	4,535,296,611.47	179,066,429.65	–	(1,040,418.80)	4,713,322,622.32	Funds raised, loans from financial institutions and self-owned capital	81
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	201,654,577.63	18,655,788.46	–	–	220,310,366.09	Loans from financial institutions and self-owned capital	87
Reinforcing renovation for structures of terminals	57,600,000.00	8,051,858.07	11,656,708.00	–	(19,708,566.07)	–	Self-owned capital	81
Stackers for Phase Three coal project	54,000,000.00	35,957,093.28	8,031,462.25	–	(43,988,555.53)	–	Self-owned capital and other resources	81
Construction project of wind-proof net for coal stacking yards	378,000,000.00	94,021,567.00	528,540.00	–	(93,834,307.00)	715,800.00	Self-owned capital	63
System retrofitting of dumpers for Phase Four coal project	425,000,000.00	8,468,571.93	39,714,279.58	–	(47,418,940.33)	763,911.18	Loans from financial institutions and self-owned capital and other resources	88
Renovation project for reutilization of wastewater with dust	32,020,000.00	13,996,250.62	1,147,902.94	–	(1,190,534.18)	13,953,619.38	Self-owned capital	47
Wastewater treatment project of Phase One and Phase Two coal project	33,790,000.00	245,737.70	16,091,528.30	–	–	16,337,266.00	Self-owned capital	48
Renovation project for dry fog dust suppression of dumpers	19,480,000.00	130,220.75	8,917,977.01	–	–	9,048,197.76	Self-owned capital	46
Others	933,470,750.00	43,353,443.08	68,735,290.53	1,750,493.02	(65,733,733.17)	48,105,493.46		
Total	20,708,782,295.73	9,254,680,699.09	674,327,027.77	1,750,493.02	(274,937,753.52)	9,655,820,466.36		

For the six months ended 30 June 2016 (unaudited)

	Progress of project	**Accumulated amounts of capitalized interest**	**Including: capitalised interest for the period**	**Ratio of capitalised interest for the period**
Commencing project of complex port zone in Huanghua Port	**87%**	**540,325,004.64**	**–**	**–**
Phase 2 of coal terminal project in Caofeidian	**89%**	**695,695,504.11**	**79,679,563.60**	**4.41%-6.55%**
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	**83%**	**433,861,440.80**	**73,372,478.20**	**3.92%-5.40%**
		1,669,881,949.55	**153,052,041.80**	

2015

	Progress of project	Accumulated amounts of capitalized interest	Including: capitalised interest for the year	Ratio of capitalised interest for the year
Commencing project of complex port zone in Huanghua Port	87%	540,325,004.64	–	–
Phase 2 of coal terminal project in Caofeidian	86%	616,015,940.51	170,906,449.12	4.51%-5.90%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	81%	360,488,962.60	157,062,135.14	4.14%-6.84%
		1,516,829,907.75	327,968,584.26	

6. Short-term Borrowings

	30 June 2016 (unaudited)	31 December 2015
Unsecured borrowings	**1,682,000,000.00**	1,450,000,000.00

As at 30 June 2016, the interest rate of the above borrowings ranged from 3.92% to 4.37% per annum (31 December 2015: 3.92% to 4.59%).

As at 30 June 2016, the Group has no outstanding short-term borrowings falling due (31 December 2015: nil).

7. Accounts Payable

The accounts payable are interest-free and the terms are usually 90 days.

An ageing analysis of accounts payable is as follows:

	30 June 2016 (unaudited)	31 December 2015
Within 1 year	**151,830,968.70**	91,756,115.28
1 to 2 years	**4,611,776.83**	2,803,638.78
2 to 3 years	**1,433,016.53**	1,425,165.09
Over 3 years	**4,795,516.25**	4,948,784.17
	162,671,278.31	100,933,703.32

As at 30 June 2016, the Group has no significant accounts payable ageing more than 1 year (31 December 2015: nil).

8. Deposits Received

	30 June 2016 (unaudited)	31 December 2015
Port handling fees	**301,913,762.73**	383,174,305.31
Weighing fees	**7,359,895.51**	4,619,393.77
Others	**108,127.23**	38,127.20
	309,381,785.47	387,831,826.28

As at 30 June 2016, the Group has no significant deposits received ageing more than 1 year (31 December 2015: nil).

9. Taxes Payable

	30 June 2016 (unaudited)	31 December 2015
Value-added tax	**10,748,877.79**	16,337,972.46
Business tax	**–**	626,883.48
Enterprise income tax	**3,600,368.97**	1,014,273.42
Urban maintenance and construction tax	**760,193.93**	1,198,710.91
Education surcharge	**542,995.63**	854,455.82
Individual income tax	**1,853,225.95**	16,470,696.48
Tenure tax	**–**	27,741,935.13
Others	**958.68**	3,028.56
	17,506,620.95	64,247,956.26

10. Long-term Borrowings

	30 June 2016 (unaudited)	31 December 2015
Unsecured borrowings	**9,976,278,448.76**	10,134,953,942.54
Less: long-term borrowings due within one year	**1,214,010,732.92**	679,102,320.56
Non-current portion	**8,762,267,715.84**	9,455,851,621.98

As at 30 June 2016, the interest rate of the above borrowings ranged from 4.28% to 6.55% per annum (31 December 2015: 4.28% to 6.68%).

Analysis on the maturity date of long-term borrowings is as follows:

	30 June 2016 (unaudited)	31 December 2015
Within 1 year (including 1 year) or repayment on demand	**1,214,010,732.92**	679,102,320.56
Within 2 years (including 2 years)	**1,142,593,808.63**	1,757,615,441.28
Within 2 to 5 years (including 5 years)	**3,593,638,974.53**	2,712,123,952.04
Over 5 years	**4,026,034,932.68**	4,986,112,228.66
	9,976,278,448.76	10,134,953,942.54

11. Operating Revenue and Cost

Revenue, which is the Group's turnover, represents the net invoice value of goods sold net of sales returns and trade discounts; the value of the services rendered; and the gross rental income received and receivable of the Group during the Reporting Period.

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Revenue from the principal operations	**2,384,377,647.71**	3,471,933,798.63
Revenue from other operations	**3,881,232.11**	2,495,219.53
	2,388,258,879.82	3,474,429,018.16

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Cost of the principal operations	**1,796,526,478.52**	1,934,314,491.09
Cost of other operations	**1,494,318.21**	5,281,033.40
	1,798,020,796.73	1,939,595,524.49

Revenue is as follows:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Revenue from service in relation to coal and relevant products	**1,753,399,467.00**	2,697,817,206.32
Revenue from service in relation to metal ore and relevant products	**343,115,056.39**	416,470,146.76
Revenue from service in relation to general and other cargoes	**88,850,276.36**	115,883,518.11
Revenue from container service	**62,920,848.44**	60,654,890.37
Revenue from service in relation to liquefied cargoes	**30,719,188.12**	54,889,922.24
Revenue from others	**109,254,043.51**	128,713,334.36
	2,388,258,879.82	3,474,429,018.16

12. Financial Cost

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Interest expenses	**288,228,135.02**	341,319,749.69
Including: interest on bank loans repayable within 5 years	**188,729,708.97**	201,413,303.75
interest on other loans	**99,498,426.05**	139,906,445.94
Less: interest income	**15,411,183.60**	23,784,275.59
Less: capitalised interest	**153,052,041.80**	165,737,083.54
Foreign exchange (gain)/loss	**(3,870,608.59)**	38,314.58
Others	**241,988.84**	210,943.80
	116,136,289.87	152,047,648.94

The amount of capitalised borrowing costs has been included in construction in progress.

13. Investment Income

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Dividend income on holding available-for-sale financial assets	**5,636,500.00**	62,429,181.18
Long-term equity investment income accounted for under the equity method	**60,302,892.05**	108,613,410.80
Including: investment income from associates	**62,317,747.87**	108,071,601.81
Investment income from joint ventures	**(2,014,855.82)**	541,808.99
Interest income on wealth management products	**1,244,016.44**	–
	67,183,408.49	171,042,591.98

All of the above investment income of the Group was derived from non-listing investment.

14. Non-operating Income

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Gain on disposal of non-current assets	**237,851.68**	827,209.64
Including: gain on disposal of fixed assets	**237,851.68**	827,209.64
Government grants	**17,249,415.13**	41,295,323.26
Others	**150,450.30**	349,497.92
	17,637,717.11	42,472,030.82

Government grants credited to profit or loss for the current period are as follows:

	For the six months Ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)	Related to assets/income
Retrofitting of contingency coal storage depot	**9,750,000.00**	9,075,000.00	Related to assets
Special environmental subsidy	**6,943,258.28**	4,726,883.26	Related to assets
Employment subsidy *(Note)*	**–**	27,410,040.00	Related to income
Others	**556,156.85**	83,400.00	
	17,249,415.13	41,295,323.26	

Note: Pursuant to the Opinion on the Use of Unemployment Insurance Benefits and Employment Subsidy (《關於使用失業保險金援企穩崗的意見》) (Ji Zheng Ban Han [2014] No. 18) issued by the General Office of the People's Government of Hebei Province, the Notice on Relevant Issues Concerning Carrying out the Implementation Opinion on Unemployment Insurance Benefits and Employment Subsidy (《關於貫徹落實<關於做好失業保險金援企穩崗工作的實施意見>有關問題的通知》) (Qin Ren She [2014] No. 184) promulgated by the Bureau of Human Resources & Social Securities of Qinhuangdao and the Notice on the 2014 Unemployment Insurance Benefits and Employment Subsidy Policy Applicable to 46 Enterprises including Shouqin Metal Materials Co., Ltd. (《關於首秦金屬材料有限公司等46家企業享受2014年失業保險援企穩崗政策的通知》) (Qin Zheng Han [2015] No. 2) promulgated by the General Office of the People's Government of Hebei Province, the Group did not received the relevant government subsidy for the Reporting Period (for the six months ended 30 June 2015: RMB27,410,040.00).

15. Income Tax Expenses

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Current income tax expenses	**29,345,054.58**	256,278,953.34
Deferred income tax expenses	**14,481,462.75**	2,593,557.95
	43,826,517.33	258,872,511.29

The relationship between income tax expenses and the total profit is as follows:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Total profit	**183,749,538.71**	1,188,687,289.58
Income tax expenses calculated at the statutory tax rate	**45,937,384.68**	297,171,822.40
Effect of different tax rates of subsidiaries	**(619.43)**	629,079.15
Income not subject to tax	**(1,409,125.00)**	(15,607,295.30)
Investment income from associates and joint ventures	**(15,075,723.01)**	(27,153,352.70)
Expenses not deductible for tax	**1,805,987.30**	1,057,245.83
Unrecognised deductible losses	**1,675,143.18**	561,668.65
Unrecognised deductible temporary difference	**157,872.38**	781,541.00
Adjustments in respect of income tax of previous periods	**8,518,714.22**	626,250.29
Others	**2,216,883.01**	805,551.97
Income tax expenses calculated at the Group's effective tax rate	**43,826,517.33**	258,872,511.29

16. Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is calculated and determined based on the specific terms of issuance contracts from the date of the consideration receivable (normally the stock issue date).

The calculation of the basic earnings per share is as follows:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	**137,363,835.19**	927,465,711.51
Shares		
Weighted average number of ordinary shares in issue of the Company	**5,029,412,000.00**	5,029,412,000.00

For the six months ended 30 June 2016, the Company had no dilutive potential ordinary shares in issue (for the six months ended 30 June 2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Industry Overview

(1) General Situation

During this year, the national economic development of China maintains stability while achieving progress. The GDP in the first half of this year was RMB34,063.7 billion, representing an increase of 6.7% as compared with the corresponding period last year, with a decrease of 0.3 percentage point of growth rate as compared with the corresponding period last year. However, as the recovery of the world economy is weaker than expected and trading is experiencing a continuous downturn, there are more uncertainties in economic operation; the Chinese economy is under a crucial stage of structural adjustment, transformation and upgrading. Pains of adjustment continues, operation of real economy maintains difficult and the economic downward pressure remains relatively high.

(2) Overview of Port Industry in the PRC

In the first half of 2016, the overall harbour production maintained stability in China, the throughput of cargoes above designated size reached 5,803.05 million tonnes, representing an increase of 2.2% as compared with the corresponding period of 2015, a decrease of 0.6 percentage point of the growth rate as compared with the corresponding period of 2015, of which, coastal ports achieved 4,008.86 million tonnes, representing an increase of 1.7%, river ports achieved 1,794.18 million tonnes, representing an increase of 3.2%. In terms of goods categories, the seaborne coal sales of northern ports decreased by 1.7% as compared with the corresponding period of 2015, inward volume of imported crude oil increased by 8.9% as compared with the corresponding period of 2015, inward volume of imported metal ores increased by 8.5% as compared with the corresponding period of 2015, container throughput increased by 2.5% as compared with the corresponding period of 2015.

(Source: National Bureau of Statistics of the PRC, Ministry of Transport of the PRC)

(II) Results of Operational and Financial Performance

In the first half of this year, total coal throughput of ports in the Bohai Rim was 279 million tonnes, representing a decrease of nearly 10 million tonnes. Affected by the increase in the number of southbound transportation channels for coals from northern region and the intensified competition from surrounding ports, large amount of high quality coal diverted from Daqin line to Shuohuang line at Huanghua Port, causing a significant decrease in throughput in major seaborne coal ports including Qinhuangdao Port and Caofeidian Port with a total amount of seaborne coal of 124 million tonnes, representing a decrease of nearly 60 million tonnes as compared with the corresponding period of 2015. The decrease in coal throughput led to a decrease in the Group's revenue.

Meanwhile, under the shrinkage of business value in Qinhuangdao Port, benefited from the gradual dedication of new capacity and the implementation of various measures including improvement of organizing works of cargo source, full expansion of new categories, improvement of service quality, establishment of the brand and enhancement of efficiency, the Group has maintained a fast growth momentum of the throughput of Huanghua Port and bucked the downward trend.

(1) Revenue

We provide integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargo mainly including coal, metal ores, oil and liquefied chemicals, containers and general cargoes. We also provide value-added services including towing, tallying and coal blending services.

During the Reporting Period, our revenue amounted to RMB2,388,259 thousand, representing a decrease of RMB1,086,170 thousand or approximately 31.26% as compared to the revenue of RMB3,474,429 thousand for the corresponding period of 2015. The decrease was mainly attributed to a significant decrease in coal throughput resulted from the increase in the number of southbound transportation channels for coals from northern region and the intensified competition from surrounding ports, as well as the implementation of charge preferences policy.

The following table sets forth the revenue generated from each type of cargo we serviced:

	For the six months ended 30 June					
	2016		2015			
	Revenue *(RMB'000)*	**Percentage of total revenue** *(%)*	Revenue *(RMB'000)*	Percentage of total revenue *(%)*	Increase/ (decrease) *(RMB'000)*	Increase/ (decrease) *(%)*
Dry bulk	**2,096,514**	**87.79**	3,114,287	89.63	(1,017,773)	(32.68)
– Coal	**1,753,399**	**73.42**	2,697,817	77.64	(944,418)	(35.01)
– Metal ores	**343,115**	**14.37**	416,470	11.99	(73,355)	(17.61)
Oil and liquefied chemicals	**30,719**	**1.29**	54,890	1.58	(24,171)	(44.04)
Container	**62,921**	**2.63**	60,655	1.75	2,266	3.74
General and other cargoes	**88,850**	**3.72**	115,884	3.34	(27,034)	(23.33)
Others	**109,255**	**4.57**	128,713	3.70	(19,458)	(15.12)
Total	**2,388,259**	**100.00**	3,474,429	100.00	(1,086,170)	(31.26)

(2) Operating Costs

Our operating costs primarily include labor costs, depreciation and amortization, power and fuel costs, repair and maintenance expenses, environmental protection and sewage charges and leasing expenses.

During the Reporting Period, our operating costs amounted to RMB1,798,021 thousand, representing a decrease of RMB141,575 thousand or 7.30% from RMB1,939,596 thousand for the corresponding period of 2015. Such decrease was mainly due to a respective decrease in variable costs including staff performance bonus, power and fuel costs, and environmental protection and sewage charges affected by the decreased throughput.

(3) Gross Profit Margin

During the Reporting Period, our gross profit (gross profit is revenue less operating costs.) amounted to RMB590,238 thousand, representing a decrease of RMB944,595 thousand or 61.54% from RMB1,534,833 thousand for the corresponding period of 2015, and our gross profit margin for the Reporting Period was 24.71%, representing a decrease of approximately 19.47 percentage points as compared with 44.18% for the corresponding period of 2015. Such increase was mainly attributable to a larger decrease in revenue as compared with the decrease in operating costs for the Reporting Period.

(4) Segment Analysis[1] (Business Review)

During the Reporting Period, the Group achieved a total cargo throughput of 151.59 million tonnes[1], representing a decrease of 34.26 million tonnes or approximately 18.43%, as compared with the throughput of 185.85 million tonnes[1] for the corresponding period of 2015. The throughputs generated from each of the ports which we operate are as follows:

	For the six months ended 30 June					
	2016		2015			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Qinhuangdao Port[2]	**84.61**	**55.82**	125.08	67.30	(40.47)	(32.35)
Caofeidian Port[3]	**36.60**	**24.14**	41.85	22.52	(5.25)	(12.54)
Huanghua Port[4, 5]	**30.38**	**20.04**	18.92	10.18	11.46	60.57
Total	**151.59**	**100.00**	185.85	100.00	(34.26)	(18.43)

During the Reporting Period, the Group achieved a cargo throughput of 84.61 million tonnes[2] in Qinhuangdao Port, representing a decrease of 40.47 million tonnes or approximately 32.35% from 125.08 million tonnes[2] for the corresponding period of 2015. This was mainly due to the fact that the cargo handled in Qinhuangdao Port was mainly coal, and the coal throughput decreased as affected by the economic downturn, lack of demand for industrial electricity and competition from UHV transmission, hydropower and imported coal, reduction of coal production capacity as a result of China's national supply side reform policy, and the competition from surrounding ports.

The Group achieved a cargo throughput of 36.60 million tonnes[3] in Caofeidian Port, representing a decrease of 5.25 million tonnes or approximately 12.54% from 41.85 million tonnes[3] for the corresponding period of 2015. The main reasons for the decrease are: as the formalities for operation of Caofeidian Shiye Ore Terminal Phase One 2# berth were not completed, the vessel berthing has been ceased since November 2015 and this resulted in the decrease in ore unloading capacity.

The Group achieved a cargo throughput of 30.38 million tonnes[4] in Huanghua Port, representing an increase of 11.46 million tonnes or approximately 60.57% from 18.92 million tonnes[4] for the corresponding period of 2015. The increase was mainly because we cultivated and reinforced the sea-rail joint transportation model of seaborne coal and imported iron ore market. Our coal and ore businesses both showed promising development trends.

The cargo throughput of each type of cargoes we handled is set out below:

	For the six months ended 30 June					
	2016		2015			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Dry bulk[6]	**132.75**	**87.57**	171.11	92.07	(38.36)	(22.42)
– Coal	**75.05**	**49.51**	114.87	61.81	(39.82)	(34.67)
– Metal ores[7]	**57.70**	**38.06**	56.24	30.26	1.46	2.60
Oil and liquefied chemicals	**1.57**	**1.04**	3.74	2.01	(2.17)	(58.02)
Container[8]	**6.82**	**4.50**	5.85	3.15	0.97	16.58
General and other cargoes[9]	**10.45**	**6.89**	5.15	2.77	5.30	102.91
Total[1]	**151.59**	**100.00**	185.85	100.00	(34.26)	(18.43)

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Reporting Period, the Group recorded a total dry bulk throughput of 132.75 million tonnes, representing a decrease of 38.36 million tonnes or approximately 22.42% from 171.11 million tonnes for the corresponding period of 2015. Such decrease was mainly attributable to the decline in throughput of coals of Qinhuangdao Port, leading to a decrease in throughput of dry bulk of the Group.

During the Reporting Period, the Group achieved a total coal throughput of 75.05 million tonnes, representing a decrease of 39.82 million tonnes or approximately 34.67% from 114.87 million tonnes for the corresponding period of 2015. Such decrease was mainly attributable to the decline in throughput of coals of Qinhuangdao Port, which was caused by the weakened supply and demand in the coal market, the increase in the number of southbound transportation channels for coals from northern region and the intensified competition from surrounding ports in 2016.

During the Reporting Period, the Group achieved a total metal ores throughput of 57.70 million tonnes, representing a increase of 1.46 million tonnes or approximately 2.60% from 56.24 million tonnes for the corresponding period of 2015. Such increase was mainly attributable to expansion of unloading amount by using the favorable opportunity that demand of steel factories in the hinterland has been improved. The opening of Hanhuang Railway in March actively prompted the new railway coal transportation model by providing direct access to the ports, and enriched the ports' centralized transportation.

(ii) Oil and liquefied chemicals handling services

The Group recorded a total oil and liquefied chemicals throughput of 1.57 million tonnes during the Reporting Period, representing a decrease of 2.17 million tonnes or approximately 58.02% from 3.74 million tonnes or the corresponding period of 2015. This is mainly due to the stop of Daqing crude oil transportation, and different degrees of decrease in the production of gasoline and diesel.

(iii) Container services

During the Reporting Period, the Group achieved better results in respect of the "dry bulk & general cargoes to containers" reform, expansion of imported cargo resources, expansion of sea-rail intermodal transportation business and stabilization and development of shipping lines. As a result, during the Reporting Period, the Group recorded a total container throughput of 527,693 TEU, equivalent to a throughput of 6.82 million tonnes. The increase in the number of containers handled and throughput was 86,654 TEU and 0.97 million tonnes, respectively, (i.e. approximately 19.65% and 16.58% respectively) as compared with the number of containers handled and throughput of 441,039 TEU and 5.85 million tonnes for the corresponding period of 2015, respectively.

(iv) General cargoes handling services

During the Reporting Period, the Group recorded a total throughput of general and other cargoes of 10.45 million tonnes, representing an increase of 5.30 million tonnes or approximately 102.91% from 5.15 million tonnes for the corresponding period of 2015. The increase in general cargoes handling throughput was mainly because the Group actively expanded the hinterland source market, strived to cater the various demands of customers and continued to improve the service quality.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. Our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services during the Reporting Period. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services.

Note:

1. Throughput includes that of Caofeidian Shiye. Caofeidian Shiye operates terminals in Caofeidian Port and is a non-consolidated associate company of, and is 35% owned by, the Company. The Company is the largest shareholder of Caofeidian Shiye. During the Reporting Period, the throughput of Caofeidian Shiye was 36.60 million tonnes, consisting of 1.29 million tonnes of coal, 35.15 million tonnes of metal ores and 0.16 million tonnes of general cargoes.

2. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 237,929 TEU in Qinhuangdao Port during the Reporting Period.

3. Representing throughput from Caofeidian Shiye.

4. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 289,764 TEU in Huanghua Port during the Reporting Period.

5. Metal ore throughput includes the throughput of Cangzhou Mineral during the trial operation. Cangzhou Mineral is a subsidiary of the Company which commenced trial operation in November 2015. For the six months ended 30 June 2016, the metal ore throughput of Cangzhou Mineral was 8.60 million tonnes.

6. The dry bulk cargoes we handle mainly consist of coal and metal ores.

7. Metal ore throughput includes the throughput of Cangzhou Mineral.

8. During the Reporting Period, using TEU as the measuring unit, the Group recorded a containers throughput of 527,693 TEU.

9. General and other cargoes include grain, fertilizer, etc.

(5) Administrative Expenses and Selling Expenses

During the Reporting Period, our total administrative expenses and selling expenses amounted to RMB386,995 thousand, representing an increase of RMB3,386 thousand or approximately 0.88% from RMB383,609 thousand for the corresponding period of 2015. The decrease was mainly attributable to the provision for early retirement salaries to be paid in the forthcoming year during the Reporting Period, and a decrease in staff performance bonus caused by the decline in throughput.

(6) Financial Costs

During the Reporting Period, our financial costs amounted to RMB116,136 thousand, representing a decrease of RMB35,912 thousand or approximately 23.62% from RMB152,048 thousand for the corresponding period of 2015. The decrease was mainly attributable to several reductions of benchmark rate by the People's Bank of China last year, leading to a decrease in annual interest rate and a respective decrease in financial costs during the Reporting Period.

(7) Investment Income

Our investment income for the Reporting Period amounted to RMB67,183 thousand, representing a decrease of RMB103,860 thousand or approximately 60.72% from RMB171,043 thousand for the corresponding period of 2015. The increase was mainly attributable to a decrease in profits of enterprises which the Group invested in.

(8) Net Non-operating Revenue and Expenses

During the Reporting Period, our net non-operating revenue and expenses amounted to RMB14,763 thousand, representing a decrease of RMB21,207 thousand or approximately 58.96% from RMB35,970 thousand for the corresponding period of 2015. The decrease was mainly because the unemployment insurance benefits and employment subsidy were not received during the Reporting Period as received during the first half of 2015.

(9) Income Tax Expense

Income tax expense of the Group decreased by RMB215,046 thousand to RMB43,827 thousand for the Reporting Period from RMB258,873 thousand for the corresponding period of 2015.

(10) Net Profit

Net profit of the Group for the Reporting Period amounted to RMB139,923 thousand, representing a decrease of RMB789,892 thousand or 84.95% from RMB929,815 thousand for the corresponding period of 2015. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB137,364 thousand, representing a decrease of RMB790,102 thousand or 85.19% from RMB927,466 thousand for the corresponding period of 2015. The decrease of net profit was mainly attributable to 1. the effect of significant decrease in the coal throughput during the Reporting Period and the implementation of charge preferences policy, resulting in a decrease in revenue; 2. a decrease in profits of enterprises which the Group invested in, leading to a decrease in investment income.

During the Reporting Period, the net profit margin of the Group was approximately 5.86%, representing a decrease of 20.90 percentage points from approximately 26.76% for the corresponding period of 2015.

(11) *Earnings Per Share*

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Reporting Period by the weighted average number of ordinary Shares in issue during the Reporting Period. Earnings per Share of the Group for the Reporting Period amounted to RMB0.0273, representing a decrease of 85.20% from RMB0.1844 for the corresponding period of 2015. Please refer to Note 16 to the unaudited interim consolidated financial statements for the calculation of earnings per Share.

(12) *Capital Structure, Cash Flows and Financial Resources*

The Group's funds are mainly used for operating costs, construction of berths and repayment of loans. The Group primarily relied on funds generated from operations and bank loans for our working capital requirement.

During the Reporting Period, net cash inflows generated from operating activities were RMB576,076 thousand, representing a decrease of RMB854,524 thousand or 59.73% from RMB1,430,600 thousand for the corresponding period of 2015. Such decrease was mainly attributable to a decrease in revenue during the Reporting Period.

During the Reporting Period, the net cash outflows from investing activities were RMB608,243 thousand, representing an increase of RMB1,306,060 thousand or 187.16% from RMB-697,817 thousand for the corresponding period of 2015. Such decrease was mainly attributable to the decrease in payment of construction fees and recovery of bank deposits with maturity over three months during the Reporting Period.

During the Reporting Period, the net cash inflows from financing activities were RMB-218,116 thousand, representing a decrease of approximately RMB-146,232 thousand from RMB-71,884 thousand for the corresponding period of 2015. Such change was mainly due to the decrease in the net increase of bank borrowings as compared with last year.

Based on the above, as at 30 June 2016, the Group held a balance of cash and cash equivalents of approximately RMB2,347,374 thousand, representing a decrease of RMB1,214,949 thousand or 34.11% from RMB3,562,323 thousand as at 30 June 2015.

As at 30 June 2016, the gearing ratio (total liabilities divided by total assets) of the Group was 54.32%, decreased by 1.78 percentage points as compared with the gearing ratio of 56.10% as at 30 June 2015.

The table below sets forth the summary of the statement of consolidated cash flow of the Group for the Reporting Period:

	As at 30 June 2016 ***(RMB'000)***	As at 30 June 2015 *(RMB'000)*
Net cash generated from operating activities	**576,076**	1,430,600
Net cash generated from investing activities	**608,243**	-697,817
Net cash generated from financing activities	**-218,116**	-71,884
Net increase in cash and cash equivalents	**970,917**	660,083
Cash and cash equivalents at the beginning of period	**1,376,457**	2,902,240
Cash and cash equivalents at the end of period	**2,347,374**	3,562,323

(13) Exchange Rate Risks

The operation of the Group is mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses are settled in RMB. As such, the Group has not adopted any foreign exchange hedging arrangement.

(14) Pledge of Assets and Contingent Liabilities

The Group has no pledge of assets and contingent liabilities during the Reporting Period.

(15) Management of Working Capital

	As at 30 June 2016	As at 30 June 2015
Current ratio	**0.62**	0.73
Quick ratio	**0.52**	0.67
Turnover days of trade receivables	**14.01**	11.45
Turnover days of trade payables	**13.38**	10.92

As at 30 June 2016, the current ratio and quick ratio of the Group were 0.62 and 0.52 respectively, representing decreases as compared with the current ratio and quick ratio of 0.73 and 0.67, respectively as at 30 June 2015. The turnover days of trade receivables for the Reporting Period were 14.01 days, representing an increase of 2.56 days from 11.45 days as compared with the corresponding period of 2015, whereas the turnover days of trade payables were 13.38 days, representing an increase of 2.46 days from 10.92 days as compared with the corresponding period of 2015. The above ratios and turnover days are at a reasonable level.

(16) Overview of Major Investments

During the Reporting Period, the Group made no material investments in its subsidiaries or associated companies.

(III) Prospects in the second half of 2016

In the second half of 2016, adverse factors affecting the coal transportation production of Qinhuangdao Port, namely weak market demands, diversion of coal resources by direct and new railways and strong competition of surrounding ports, will still exist. But the throughput of the Group has been stable on the current basis. The subsequent production and operation is expected to be improved as compared with the first half of 2016. Meanwhile, to cope with adverse situations and solve current problems, the Group will adopt various measures to ensure the stable operation of the port production.

In the second half of the year, the Group's main measures for each business segment are as follows:

Coal business

The Group will continue to strengthen marketing, increase the visit frequency to substantial clients, solve problems in production, fully ensure the volume of coal handling business; strive to compete with others for railway cargo sources through the coordination linkage with Daqin line and its ancillary ports; and continuously meet client demands on value-added services by innovating cooperating models with them.

Metal ores business

The Group will continue to manage cargo source, strive to explore new cargo source on the basis of ensuring the stability of current cargo source; improve the ports' operation efficiency by scientific berthing and unberthing organizing and production plans, as well as innovative transport mode; strive to achieve the early recovery of operation of Caofeidian Shiye Ore Terminal Phase One 2# berth through actively accelerating the works of project in progress and relevant formalities, so as to ensure the subsequent capacity input.

Oil and liquefied chemicals business

The Group will actively maintain a tight connection with government and supervision authorities, further improve the communication with major clients, endeavour to accelerate the supervision on site construction and facilitate upgrading, fully leverage current equipment, proactively promote cooperation of key projects as well as adapt to the trend of market development.

Container business

The Group will further expand cargoes of "dry bulk & general cargoes to containers" by fully leveraging the government's development strategy to integrate Beijing, Tianjin and Hebei Provinces and the favourable opportunity of rapid development of container business in Hebei Province; cooperate closely with railway and shipping companies to develop sources, stabilise and actively explore sea-rail intermodal transportation projects, strive to develop long distance hinterland cargoes,to proactively explore new shipping lines while improving the quality of shipping lines.

General and other cargoes business

The Group will enhance the cavassion and market development, stabilise current resources while striving to seek new resources, actively respond to the port competition, further improve service quality; organise production critically, continuously improve loading and unloading efficiency, and continue to deepen the integrative development of harbour, industry and city as well as the integrative development of harbour and railway.

(IV) Use of Proceeds From the Global Offering

The H Shares of the Company have been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds of the Company from the Global Offering amounted to approximately HK$3,823 million. During the Reporting Period, the use of proceeds was in line with that disclosed in the Prospectus.

(V) Events After the Reporting Period

On 19 July 2016, Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) ("**Jingtang Railway Co**") (a 16.67% owned associated company of the Company) and China Railway Group Limited (中國中鐵股份有限公司) ("**China Railway**") entered into the General Contracting Agreement on Investment and Construction of Jishugang Railway Project from Newly Constructed Shuichang Mine Area to Caofeidian Port Area* ("新建水廠礦區至曹妃甸港區集疏港鐵路工程投資及施工總承包合同") (the "**General Contracting Agreement**"). Under the General Contracting Agreement, China Railway shall invest in and construct the Shuicao Railway Project undertaken by Jingtang Railway Co and increase the capital of Jingtang Railway Co for no more than RMB2.9 billion to subscribe its equity interests.

Pursuant to the terms of the General Contracting Agreement, the Company, Beijing Shougang Resource Reuse Technology Co., Ltd. (北京首鋼資源再利用科技有限公司) ("**Shougang Resource Reuse Technology Co**") and Jingtang Railway Co entered into the Repurchase Undertaking ("**Repurchase Undertaking**"), pursuant to which an undertaking is made to China Railway to repurchase the equity interests held by China Railway in Jingtang Railway Co within a specified period at the original cost. The Company and Shougang Resource Reuse Technology Co shall make the repurchase proportionate to their shareholding in Jingtang Railway Co, provided that the Company and Shougang Resource Reuse Technology Co shall take joint and several responsibility regarding the repurchase. Where Shougang Resource Reuse Technology Co is unable to perform its repurchase by then, the Company shall repurchase the equity interests of Jingtang Railway Co in the amount up to RMB2.9 billion and Jingtang Railway Co will become a subsidiary of the Company.

On the same date, the two shareholders of Shougang Resource Reuse Technology Co have signed an undertaking to the Company, pursuant to which, in the event that Shougang Resource Reuse Technology Co is unable to make the repurchase as agreed in the General Contracting Agreement, the two shareholders will make the repurchase as agreed in the General Contracting Agreement on behalf of Shougang Resource Reuse Technology Co, and will indemnify any loss incurred to the Company due to any delay in the repurchase. At the same time, the Company has also signed an undertaking to Shougang Resource Reuse Technology Co to indemnify any loss incurred to Shougang Resource Reuse Technology Co due to the Company's delay in the repurchase.

(VI) Purchase, Sale and Redemption of Listed Securities of the Company

During the Reporting Period, the Company or any of its subsidiaries did not purchase, sell or redeem any Shares of the Company.

(VII) Compliance with Corporate Governance Code

The Company has a risk management and internal control system which is strictly complied with in order to maintain the corporate governance and ensure that the Company has complied with the provisions of Corporate Governance Code. The Audit Committee has been reviewing the risk management and internal control system of the Company regularly, whilst such duties were not specified in the written terms of reference of the Audit Committee. To comply with amendments of Listing Rules while considering the schedule of Board meetings, the Company thereby, through the Board meeting held on 23 March 2016, approved the amendment of the terms of reference of the Audit Committee, of which duties of the Audit Committee regarding the risk management are specified. The above did not have a material and significant effect on the Company's corporate governance.

Save as disclosed herein, during the Reporting Period, so far as the Directors of the Company are aware, the Company has complied with the Corporate Governance Code and there has been no deviation from the provisions.

(VIII) Compliance with the Model Code

During the Reporting Period, the Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and the Supervisors to regulate the securities transactions made by the Directors and Supervisors. Upon specific enquiries made to each Director and Supervisor by the Company, all the Directors and Supervisors confirmed that they have complied with the requirements under the provisions of the Model Code during the relevant period.

(IX) Interim Dividends

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

(X) Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of Corporate Governance Code. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2016.

(XI) Publication of Interim Results Announcement and Interim Report

The announcement of the interim results of the Company for the six months ended 30 June 2016 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.portqhd.com/). The interim report of 2016 will be dispatched to our Shareholders on or before 30 September 2016 and will be published on the websites of the Stock Exchange and the Company.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Audit Committee"	the audit committee of the Board
"berth"	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
"Board"	the board of directors of the Company
"Cangzhou Bohai"	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on 31 October 2007, with 95.93% of its equity interest held by the Company as at the date of this announcement
"Cangzhou Mineral"	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company incorporated in the PRC with limited liability on 10 April 2012, with 98.47% of its equity interest held by the Company as at the date of this announcement
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
"Caofeidian Shiye"	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company incorporated in the PRC with limited liability on 4 September 2002, with 35% of its equity interest held by the Company as at the date of this announcement
"Company"	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"corresponding period of 2015"	the six months ended 30 June 2015
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary share(s) of the Company's capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"dry bulk"	solid commodity cargo comprised of major dry bulk (coal, metal ores and grain) and other dry bulk commodities such as sugar, cement and fertilizer
"Global Offering"	the issuance of H Shares of the Company by way of Hong Kong public offering and international offering in 2013

"Group", "the Group", "us" or "we"	the Company and all of its subsidiaries (unless the context otherwise requires)
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed and dealt in, on the Stock Exchange
"harbour"	a port of haven where ships may anchor
"HK$" or "Hong Kong dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPG"	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, holds 61.72% equity interest of the Company as at the date of this announcement
"Huanghua Port"	Huanghua Port in Cangzhou City, Hebei Province
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"PRC" or "China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated 29 November 2013 in connection with the Global Offering
"Qinhuangdao Port"	Qinhuangdao Port in Qinhuangdao City, Hebei Province
"Reporting Period"	the six months ended 30 June 2016
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company established pursuant to the PRC Company Law
"terminal"	a major construction of a harbour which is designated for mooring vessels, loading and unloading cargoes and boarding travellers
"TEU" or "container"	a box made of aluminum, steel or fiberglass and used to transport by ship, rail or barge. The standardized dimension (i.e one TEU) is 20 feet in length, 8 feet and 6 inches in height and 8 feet in width
"throughput"	a measure of the volume of cargo handled by a port. Where cargoes are transshipped, each unloading and loading process is measured separately as part of throughput

By order of the Board
Qinhuangdao Port Co., Ltd.*
XING Luzhen
Chairman

Qinhuangdao, Hebei Province, the PRC
30 August 2016

As at the date of this announcement, the executive directors of the Company are XING Luzhen, TIAN Yunshan, WANG Lubiao and MA Xiping; the non-executive directors of the Company are ZHAO Ke, LI Jianping and MI Xianwei; and the independent non-executive directors of the Company are LI Man Choi, ZHAO Zhen, ZANG Xiuqing and HOU Shujun.

* *For identification purpose only*