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)

2017 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

– For the Reporting Period, our revenue amounted to RMB3,393,629 thousand, representing an increase of RMB1,005,370 thousand or 42.10% as compared with the revenue of RMB2,388,259 thousand for the corresponding period of 2016.

– For the Reporting Period, we recorded the gross profit of RMB1,294,663 thousand, representing an increase of RMB704,425 thousand or 119.35% as compared with the gross profit of RMB590,238 thousand for the corresponding period of 2016. Our gross profit margin for the Reporting Period was 38.15%, representing an increase of 13.44 percentage points as compared with 24.71% for the corresponding period of 2016.

– For the Reporting Period, our net profit amounted to RMB621,672 thousand, representing an increase of RMB481,749 thousand or 344.30% from RMB139,923 thousand for the corresponding period of 2016. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB617,039 thousand, representing an increase of RMB479,675 thousand or 349.20% from RMB137,364 thousand for the corresponding period of 2016.

– For the Reporting Period, our earnings per Share amounted to RMB0.1227, representing an increase of 349.45% from RMB0.0273 for the corresponding period of 2016.

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 2016.

* *For identification purpose only*

UNAUDITED CONSOLIDATED BALANCE SHEET

30 June 2017

RMB

Assets	*Note*	**30 June 2017 (unaudited)**	31 December 2016
Current assets			
Cash and bank balances		**2,802,759,483.34**	1,857,032,961.56
Bills receivable	*1*	**64,801,279.09**	90,586,781.68
Accounts receivable	*2*	**151,184,765.15**	150,073,233.50
Prepayments		**8,403,728.25**	11,598,283.84
Dividends receivable		**88,172,048.94**	–
Other receivables		**99,334,363.98**	34,203,954.23
Inventories	*3*	**219,553,818.54**	215,326,590.41
Other current assets		**352,211,033.61**	209,777,381.25
Total current assets		**3,786,420,520.90**	2,568,599,186.47
Non-current assets			
Available-for-sale financial assets		**710,376,014.95**	710,376,014.95
Long-term equity investments		**1,928,074,574.06**	1,543,221,888.47
Investment properties		**6,063,850.00**	6,137,950.00
Fixed assets	*4*	**11,404,813,771.64**	13,402,745,892.92
Construction in progress	*5*	**6,045,389,055.41**	5,830,993,955.38
Intangible assets		**1,894,528,780.77**	2,009,739,741.54
Long-term prepaid expenses		**2,196,598.65**	2,563,538.59
Deferred tax assets		**144,779,419.20**	164,567,852.82
Other non-current assets		**126,399,372.74**	51,740,649.66
Total non-current assets		**22,262,621,437.42**	23,722,087,484.33
Total assets		**26,049,041,958.32**	26,290,686,670.80

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)
30 June 2017
RMB

Liabilities and shareholders' equity	*Note*	**30 June 2017 (unaudited)**	31 December 2016
Current liabilities			
Short-term borrowings	*6*	**2,201,000,000.00**	1,545,000,000.00
Accounts payable	*7*	**177,470,999.24**	102,726,569.27
Deposits received	*8*	**460,405,945.77**	472,335,724.01
Employee benefits payable		**202,085,603.30**	85,000,711.31
Taxes payable		**9,249,567.29**	34,730,467.55
Interest payable	*9*	**13,478,127.70**	15,296,378.10
Dividends payable		**3,788,643.11**	608.34
Other payables		**979,145,959.69**	1,244,623,623.17
Non-current liabilities due within one year		**407,977,164.00**	1,056,586,108.28
Total current liabilities		**4,454,602,010.10**	4,556,300,190.03
Non-current liabilities			
Long-term borrowings	*10*	**7,917,123,292.98**	8,664,816,348.70
Long-term Employee benefits payable		**53,550,866.49**	71,807,543.84
Deferred income		**329,285,935.41**	332,110,009.53
Total non-current liabilities		**8,299,960,094.88**	9,068,733,902.07
Total liabilities		**12,754,562,104.98**	13,625,034,092.10
Shareholders' equity			
Share capital		**5,029,412,000.00**	5,029,412,000.00
Capital reserve		**4,506,377,828.61**	4,506,377,828.61
Other comprehensive income		**3,291,534.17**	4,623,646.56
Special reserve		**30,736,056.61**	18,615,022.77
Surplus reserve		**1,044,974,250.76**	1,044,974,250.76
Retained profit		**1,449,726,165.26**	832,687,475.08
Total equity attributable to shareholders of the parent		**12,064,517,835.41**	11,436,690,223.78
Minority interests		**1,229,962,017.93**	1,228,962,354.92
Total shareholders' equity		**13,294,479,853.34**	12,665,652,578.70
Total liabilities and shareholders' equity		**26,049,041,958.32**	26,290,686,670.80

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017
RMB

	Note	**For the six months ended 30 June 2017 (unaudited)**	For the six months ended 30 June 2016 (unaudited)
Revenue	*11*	**3,393,629,465.02**	2,388,258,879.82
Less: Operating costs	*11*	**2,098,966,001.33**	1,798,020,796.73
Tax and surcharges		**48,606,875.40**	11,246,414.50
Selling expenses		**–**	72,551.04
Administrative expenses		**394,780,078.02**	386,921,667.41
Financial costs	*12*	**172,277,960.70**	116,136,289.87
Asset impairment loss		**7,451,574.82**	(25,941,805.98)
Add: Investment income	*13*	**82,368,645.43**	67,183,408.49
Including: investment income from associates and joint ventures		**58,013,552.45**	60,302,892.05
Other income		**47,613,120.49**	–
Operating profit		**801,528,740.67**	168,986,374.74
Add: Non-operating income	*14*	**1,816,081.11**	17,637,717.11
Including: gain on disposal of non-current assets		**255,748.32**	237,851.68
Less: Non-operating expenses		**7,266,081.05**	2,874,553.14
Including: losses on disposal of non-current assets		**6,581,203.31**	352,751.44
Total profit		**796,078,740.73**	183,749,538.71
Less: income tax expenses	*15*	**174,406,994.48**	43,826,517.33
Net profit		**621,671,746.25**	139,923,021.38
Net profit attributable to shareholders of the parent		**617,038,690.18**	137,363,835.19
Minority interests		**4,633,056.07**	2,559,186.19

UNAUDITED CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months ended 30 June 2017
RMB

	Note 5	**For the six months ended 30 June 2017 (unaudited)**	For the six months ended 30 June 2016 (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		**(1,332,112.39)**	843,737.34
Other comprehensive income attributable to minority shareholders, net of tax		**–**	–
Total comprehensive income		**620,339,633.86**	140,766,758.72
Including:			
Total comprehensive income attributable to shareholders of the parent		**615,706,577.79**	138,207,572.53
Total comprehensive income attributable to minority shareholders		**4,633,056.07**	2,559,186.19
Earnings per share			
Basic and diluted earnings per share	*16*	**0.12**	0.03

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

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 14 August 2017.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and its changes during the accounting period for the six months ended 30 June 2017 is disclosed in Note VI. Changes in the Consolidation Scope.

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 2016. Therefore, these interim financial statements should be read together with the financial statements of the Group for the year ended 2016 prepared pursuant to the accounting standards for business enterprises.

As of 30 June 2017, the Group's net current liabilities amounted to approximately RMB0.668 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 Group's related port service revenues are taxable to output VAT at tax rate of 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. The business tax is replaced by VAT since 1 May 2016.
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. Income tax rate of overseas subsidiaries is 16.5%.
Property tax	–	Property tax on self-occupied properties of the Group is calculated at the applicable tax rate of 1.2% using the tax base of 70% of the initial cost of the properties; lease properties are taxable on the tax base of rental income at the applicable tax rate of 12%.
Land use tax	–	It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer.

2. Tax Preferences

Enterprise income tax

According to the Implementation Rules of the PRC Enterprise Income Tax Law (Order No.512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》) (Guo Shui Fa [2009] No.80), Cangzhou Bohai Port Co., Ltd., 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 such 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. Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd. first generated their respective operating income in 2014 and 2015, respectively, and started to be entitled to the tax preferences of enterprise income tax.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bills Receivable

	30 June 2017 (unaudited)	31 December 2016
Commercial acceptance notes	**8,970,000.00**	–
Bank acceptance notes	**55,831,279.09**	90,586,781.68
	64,801,279.09	90,586,781.68

As at 30 June 2017, no bills receivable of the Group was pledged (31 December 2016: nil).

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

	30 June 2017 (unaudited)		31 December 2016	
	Derecognised	**Not derecognised**	Derecognised	Not derecognised
Bank acceptance notes	**4,800,000.00**	**–**	59,155,255.64	–

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 2017 (unaudited)	31 December 2016
Within 1 year	**115,374,774.56**	98,365,895.68
1 to 2 years	**8,588,301.15**	19,247,272.52
2 to 3 years	**55,242,392.63**	55,999,134.47
Over 3 years	**1,741,937.25**	1,655,441.05
	180,947,405.59	175,267,743.72
Less: Provision for bad debts	**29,762,640.44**	25,194,510.22
	151,184,765.15	150,073,233.50

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 2017 (unaudited)	25,194,510.22	5,348,203.93	(780,073.71)	–	29,762,640.44
2016	15,736,495.74	9,481,896.23	(23,881.75)	–	25,194,510.22

The risk classification of accounts receivable is as follows：

	30 June 2017 (Unaudited)				31 December 2016			
	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	**174,887,548.20**	**96.65**	**23,702,783.05**	**79.64**	175,267,743.72	100.00	25,194,510.22	100.00
Provision for bad debts that are individually insignificant and are provided for bad debts separately	**6,059,857.39**	**3.35**	**6,059,857.39**	**20.36**	–	–	–	–
	180,947,405.59	**100.00**	**29,762,640.44**	**100.00**	175,267,743.72	100.00	25,194,510.22	100.00

Accounts receivables that are individually insignificant and are provided for bad debts separately as at 30 June 2017 are as follows:

	Balance	Provision for bad debt	Provided ratio	Reasons for provision
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	6,059,857.39	6,059,857.39	100.00%	Increase in credit risk

Accounts receivable which are subject to provision for bad debts by credit risk characteristics group is as follows:

	30 June 2017 (Unaudited)				31 December 2016			
	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	**114,433,434.17**	**65.43**	**5,362,335.75**	**5**	98,365,895.68	56.12	4,720,335.72	5
1 to 2 years	**5,093,024.15**	**2.91**	**509,302.36**	**10**	19,247,272.52	10.98	1,954,983.87	10
2 to 3 years	**53,619,152.63**	**30.66**	**16,089,207.69**	**30**	55,999,134.47	31.95	16,863,749.58	30
Over 3 years	**1,741,937.25**	**1.00**	**1,741,937.25**	**100**	1,655,441.05	0.95	1,655,441.05	100
	174,887,548.20	**100.00**	**23,702,783.05**		175,267,743.72	100.00	25,194,510.22	

As at 30 June 2017 and 31 December 2016, 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 2017 (Unaudited)			31 December 2016		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	**69,572,638.95**	**–**	**69,572,638.95**	69,551,118.56	–	69,551,118.56
Fuels	**5,010,888.89**	**–**	**5,010,888.89**	5,363,206.95	–	5,363,206.95
Spare parts	**140,922,465.20**	**–**	**140,922,465.20**	135,333,392.63	–	135,333,392.63
Low-cost consumables	**3,551,094.41**	**–**	**3,551,094.41**	3,640,572.81	–	3,640,572.81
Finished goods	**496,731.09**	**–**	**496,731.09**	1,438,299.46	–	1,438,299.46
	219,553,818.54	**–**	**219,553,818.54**	215,326,590.41	–	215,326,590.41

4. Fixed Assets

For the six months ended 30 June 2017 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2017	3,941,088,335.69	8,725,532,732.11	8,458,211,590.88	462,831,564.27	232,221,889.75	21,819,886,112.70
Purchase	–	–	13,280.00	–	109,914.52	123,194.52
Transferred from construction in progress	57,858,069.57	–	26,470,865.49	–	1,299,616.58	85,628,551.64
Reclassification	–	–	(115,722.52)	725,499.20	(609,776.68)	–
Decrease due to changes of scope of consolidation	(106,248,359.72)	(1,154,879,842.93)	(596,287,462.18)	(684,307.00)	(6,717,178.48)	(1,864,817,150.31)
Disposal for the year	(1,464,281.00)	–	(11,518,144.99)	(451,375.72)	(4,769,148.60)	(18,202,950.31)
Other decrease	(2,205,084.00)	–	–	–	–	(2,205,084.00)
30 June 2017	3,889,028,680.54	7,570,652,889.18	7,876,774,406.68	462,421,380.75	221,535,317.09	20,020,412,674.24
Accumulated depreciation						
1 January 2017	1,045,809,413.14	1,746,751,058.68	5,100,523,460.76	343,010,055.31	174,796,767.10	8,410,890,754.99
Provision for the period *(Note)*	85,552,422.55	168,612,419.01	286,577,080.25	20,263,352.91	7,386,750.20	568,392,024.92
Reclassification	–	–	26,261.65	–	(26,261.65)	–
Decrease due to changes of scope of consolidation	(15,647,773.16)	(197,520,741.80)	(137,454,359.59)	(603,012.26)	(3,010,250.83)	(354,236,137.64)
Disposal for the year	(754,442.51)	–	(9,908,310.52)	(376,263.56)	(4,608,908.70)	(15,647,925.29)
30 June 2017	1,114,959,620.02	1,717,842,735.89	5,239,764,132.55	362,294,132.40	174,538,096.12	8,609,398,716.98
Provision for impairment 1 January 2017	–	–	6,162,139.84	–	87,324.95	6,249,464.79
Write-off in the current year	–	–	(49,279.17)	–	–	(49,279.17)
30 June 2017	–	–	6,112,860.67	–	87,324.95	6,200,185.62
Carrying amounts of fixed assets						
30 June 2017	2,774,069,060.52	5,852,810,153.29	2,630,897,413.46	100,127,248.35	46,909,896.02	11,404,813,771.64
1 January 2017	2,895,278,922.55	6,978,781,673.43	3,351,525,990.28	119,821,508.96	57,337,797.70	13,402,745,892.92

2016

	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	327,490.00	–	19,547.01	437,164.36	519,251.56	1,303,452.93
Transferred from construction in progress	1,031,170,034.72	1,289,446,043.74	1,086,266,624.98	7,778,918.53	24,592,685.95	3,439,254,307.92
Reclassification	6,958,143.72	5,046,352.00	(10,816,220.90)	–	(1,188,274.82)	–
Transferred to construction in progress due to renovation and retrofitting	(132,800.00)	–	(114,513.00)	–	–	(247,313.00)
Disposal for the year	(84,196.00)	–	(29,660,127.39)	(3,219,186.34)	(2,987,065.25)	(35,950,574.98)
31 December 2016	3,941,088,335.69	8,725,532,732.11	8,458,211,590.88	462,831,564.27	232,221,889.75	21,819,886,112.70
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 year (Note)	141,803,722.80	307,788,242.95	538,560,737.83	41,335,621.62	13,048,729.14	1,042,537,054.34
Reclassification	673,739.00	448,704.74	(386,097.40)	–	(736,346.34)	–
Transferred to construction in progress due to renovation and retrofitting	(59,577.23)	–	(111,077.61)	–	–	(170,654.84)
Disposal for the year	(81,670.12)	–	(27,524,924.18)	(3,122,610.75)	(2,834,589.41)	(33,563,794.46)
31 December 2016	1,045,809,413.14	1,746,751,058.68	5,100,523,460.76	343,010,055.31	174,796,767.10	8,410,890,754.99
Provision for impairment						
1 January 2016	–	–	6,162,977.29	–	87,324.95	6,250,302.24
Write off for the year	–	–	(837.45)	–	–	(837.45)
31 December 2016	–	–	6,162,139.84	–	87,324.95	6,249,464.79
Carrying amounts of fixed assets						
31 December 2016	2,895,278,922.55	6,978,781,673.43	3,351,525,990.28	119,821,508.96	57,337,797.70	13,402,745,892.92
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

Note: During the six months ended 30 June 2017, depreciation of RMB629,493.65 (2016: RMB1,887,334.21) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 30 June 2017, the Group has no fixed assets which were temporarily idle (31 December 2016: nil).

The carrying amount of the fixed assets leased out under operating leases are as follows:

	30 June 2017 (Unaudited)	31 December 2016
Terminal facilities	**449,997,146.96**	456,601,509.14
Machinery and equipment	**2,899,359.35**	7,577,035.47
Buildings	**15,747,488.57**	15,867,417.68
Vessels and transportation equipment	**–**	15,214.50
Office and other equipment	**34,303.70**	44,910.74
	468,678,298.58	480,106,087.53

5 Construction in Progress

	30 June 2017 (Unaudited)			31 December 2016		
	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	**644,302,872.27**	**–**	**644,302,872.27**	643,570,588.45	–	643,570,588.45
Phase 2 of coal terminal project in Caofeidian	**5,000,242,400.40**	**–**	**5,000,242,400.40**	4,896,360,788.56	–	4,896,360,788.56
Commencing project of complex port zone in Huanghua Port	**141,402,874.81**	**–**	**141,402,874.81**	111,326,263.42	–	111,326,263.42
Construction project of wind-proof net for coal stacking yards	**52,992,152.14**	**–**	**52,992,152.14**	34,538,527.23	–	34,538,527.23
Sewage treatment for Phrase One and Two coal project	**–**	**–**	**–**	29,741,243.00	–	29,741,243.00
Retrofitting of dry for dust suppression of of dumpers	**–**	**–**	**–**	14,537,587.51	–	14,537,587.51
Others	**206,448,755.79**	**–**	**206,448,755.79**	100,918,957.21	–	100,918,957.21
Total	**6,045,389,055.41**	**–**	**6,045,389,055.41**	5,830,993,955.38	–	5,830,993,955.38

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 2017 (unaudited)

	Budget	Opening balance	Increase in the period	Transferred to fixed assets and intangible assets during the period	Other decreases	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	4,896,360,788.56	104,316,244.33	(434,632.49)	–	5,000,242,400.40	loans from financial institutions and self-owned capital	93
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	643,570,588.45	915,506.06	(183,222.24)	–	644,302,872.27	funds raised, loans from financial institutions and self-owned capital loans and self-owned capital	85
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	111,326,263.42	67,811,677.34	(20,363,991.46)	(17,371,074.49)	141,402,874.81	loans from financial institutions and self-owned capital	88
Construction project of wind-proof net for coal stacking yards	378,000,000.00	34,538,527.23	18,453,624.91	–	–	52,992,152.14	Self-owned capital	77
Wastewater treatment project of Phase One and Phase Two coal project	33,790,000.00	29,741,243.00	4,500.00	(29,745,743.00)	–	–	Self-owned capital	88
Others	807,023,400.00	115,456,544.72	125,893,173.52	(34,900,962.45)	–	206,448,755.79	Self-owned capital	
Total	19,994,234,945.73	5,830,993,955.38	317,394,726.16	(85,628,551.64)	(17,371,074.49)	6,045,389,055.41		

	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	4,633,263,190.17	263,214,619.76	–	(117,021.37)	4,896,360,788.56	Loans from financial institutions and self-owned capital	91
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	187,033,049.58	22,492,900.65	(4,279,277,984.10)	643,570,588.45	Funds raised and loans from financial institutions loans and self-owned capital	85
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	220,310,366.09	78,901,489.94	–	(187,885,592.61)	111,326,263.42	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	33,822,727.23	–	–	34,538,527.23	Self-owned capital	72
Renovation project for reutilization of wastewater with dust	32,020,000.00	13,953,619.38	10,025,946.66	–	(23,979,566.04)	–	Self-owned capital	79
Wastewater treatment project of Phase One and Phase Two coal project	33,790,000.00	16,337,266.00	13,403,977.00	–	–	29,741,243.00	Self-owned capital	88
Renovation project for dry fog dust suppression of dumpers	19,480,000.00	9,048,197.76	5,489,389.75	–	–	14,537,587.51	Self-owned capital	75
Others	640,633,613.85	48,869,404.64	130,577,343.76	76,658.16	(78,604,449.35)	100,918,957.21		
Total	19,879,345,159.58	9,655,820,466.36	722,468,543.68	22,569,558.81	(4,569,864,613.47)	5,830,993,955.38		

For the six months ended 30 June 2017 (unaudited)

	Progress of project	**Accumulated amounts of capitalized interest**	**Including: capitalized interest for the year**	**Ratio of capitalised interest for the year**
Phase 2 of coal terminal project in Caofeidian	**93%**	**860,523,517.71**	**83,977,774.61**	**4.41%-6.15%**

2016

	Progress of project	Accumulated amounts of capitalized interest	Including: capitalized interest for the year	Ratio of capitalised interest for the year
Phase 2 of coal terminal project in Caofeidian	91%	776,545,743.10	160,529,802.59	4.41%-6.15%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	85%	467,647,203.93	107,158,241.33	3.92%-5.31%
		1,244,192,947.03	267,688,043.92	

6. **Short-term Borrowings**

	30 June 2017 (unaudited)	31 December 2016
Unsecured borrowings	**2,201,000,000.00**	1,545,000,000.00

As at 30 June 2017, the interest rate of the above borrowings ranged from 3.92% to 4.13% per annum (31 December 2016: 3.92% to 4.13%).

As at 30 June 2017, the Group has no overdue borrowings (31 December 2016: 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 2017 (unaudited)	31 December 2016
Within 1 year	**170,320,688.67**	95,957,194.00
1 to 2 years	**2,571,550.45**	2,327,506.87
2 to 3 years	**2,277,566.88**	2,078,466.36
Over 3 years	**2,301,193.24**	2,363,402.04
	177,470,999.24	102,726,569.27

As at 30 June 2017, the Group has no significant accounts payable ageing more than 1 year (31 December 2016: nil).

8. Deposits Received

	30 June 2017 (unaudited)	31 December 2016
Port handling fees	**456,429,128.88**	469,155,549.92
Weighing fees	**3,418,658.72**	3,071,716.70
Others	**558,158.17**	108,457.39
	460,405,945.77	472,335,724.01

As at 30 June 2017, the Group has no significant deposits received ageing more than 1 year (31 December 2016: nil).

9. Taxes Payable

	30 June 2017 (unaudited)	31 December 2016
Value-added tax	**2,823,492.52**	351,407.02
Enterprise income tax	**2,832,633.28**	29,857,892.61
Urban maintenance and construction tax	**205,991.69**	44,880.52
Education surcharge	**147,136.91**	32,057.50
Individual income tax	**3,179,977.52**	4,307,096.05
Others	**60,335.37**	137,133.85
	9,249,567.29	34,730,467.55

10. Long-term Borrowings

	30 June 2017 (unaudited)	31 December 2016
Unsecured borrowings	**8,325,100,456.98**	9,721,402,456.98
Less: long-term borrowings due within one year	**407,977,164.00**	1,056,586,108.28
Non-current portion	**7,917,123,292.98**	8,664,816,348.70

As at 30 June 2017, the interest rate of the above borrowings ranged from 4.28% to 6.15% per annum (31 December 2016: 4.28% to 6.15%).

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

	30 June 2017 (unaudited)	31 December 2016
Within 1 year (including 1 year) or repayment on demand	**407,977,164.00**	1,056,586,108.28
Within 2 years (including 2 years)	**1,234,461,293.00**	845,665,434.98
Within 2 to 5 years (including 5 years)	**3,097,485,654.00**	3,032,716,648.60
Over 5 years	**3,585,176,345.98**	4,786,434,265.12
	8,325,100,456.98	9,721,402,456.98

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 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Revenue from the principal operations	**3,377,164,569.81**	2,384,377,647.71
Revenue from other operations	**16,464,895.21**	3,881,232.11
	3,393,629,465.02	2,388,258,879.82

	For the six months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Cost of the principal operations	**1,977,080,983.41**	1,796,526,478.52
Cost of other operations	**121,885,017.92**	1,494,318.21
	2,098,966,001.33	1,798,020,796.73

Revenue is as follows:

	For the six months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Revenue from service in relation to coal and relevant products	**2,462,059,961.48**	1,753,399,467.00
Revenue from service in relation to metal ore and relevant products	**618,398,613.80**	343,115,056.39
Revenue from service in relation to general and other cargoes	**94,956,502.28**	88,850,276.36
Revenue from container service	**62,032,102.65**	62,920,848.44
Revenue from service in relation to liquefied cargoes	**33,351,974.35**	30,719,188.12
Revenue from others	**122,830,310.46**	109,254,043.51
	3,393,629,465.02	2,388,258,879.82

12. Financial Cost

	For the six months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Interest expenses	**265,113,866.06**	288,228,135.02
Including: interest on bank loans repayable within 5 years	**187,199,473.49**	188,729,708.97
interest on other loans	**77,914,392.57**	99,498,426.05
Less: interest income	**14,825,257.60**	15,411,183.60
Less: capitalised interest	**83,977,774.61**	153,052,041.80
Foreign exchange loss/(gain)	**5,722,962.23**	(3,870,608.59)
Others	**244,164.62**	241,988.84
	172,277,960.70	116,136,289.87

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

13. Investment Income

	For the six months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Dividend income on holding available-for-sale financial assets	**4,172,048.94**	5,636,500.00
Long-term equity investment income accounted for under the equity method	**58,013,552.45**	60,302,892.05
Including: investment income from associates	**68,762,281.35**	62,317,747.87
Investment income from joint ventures	**(10,748,728.90)**	(2,014,855.82)
Interest income on wealth management products	**1,475,785.40**	1,244,016.44
Gains on disposal of subsidiaries	**18,707,258.64**	–
	82,368,645.43	67,183,408.49

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 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Gain on disposal of non-current assets	**255,748.32**	237,851.68
Including: gain on disposal of fixed assets	**255,748.32**	237,851.68
Government grants	**–**	17,249,415.13
Others	**1,560,332.79**	150,450.30
	1,816,081.11	17,637,717.11

15. Income Tax Expenses

	For the six months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Current income tax expenses	**154,618,560.86**	29,345,054.58
Deferred income tax expenses	**19,788,433.62**	14,481,462.75
	174,406,994.48	43,826,517.33

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

	For the six months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Total profit	**796,078,740.73**	183,749,538.71
Income tax expenses calculated at the statutory tax rate	**199,019,685.18**	45,937,384.68
Effect of different tax rates of subsidiaries	**(9,121,183.10)**	(619.43)
Income not subject to tax	**(1,043,012.24)**	(1,409,125.00)
Investment income from associates and joint ventures	**(14,503,388.11)**	(15,075,723.01)
Expenses not deductible for tax	**578,561.89**	2,060,819.88
Deductible losses not previously recognized	**(163,077.37)**	(127,416.29)
Unrecognised deductible losses	**818,413.27**	1,675,143.18
Adjustments in respect of income tax of previous periods	**1,452,175.84**	8,518,714.22
Others	**(2,631,180.88)**	2,247,339.10
Income tax expenses calculated at the Group's effective tax rate	**174,406,994.48**	43,826,517.33

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 2017 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	**617,038,690.18**	137,363,835.19
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 2017, the Company had no dilutive potential ordinary shares in issue (for the six months ended 30 June 2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Industry Overview

(1) General Situation

In the first half of 2017, the PRC's national economy continued to show a pattern of stability with progress and grow at a steady pace with favourable momentum. The economy maintained medium to high growth with year-on-year growth in GDP of 6.9%, and has been growing within a range of 6.7% to 6.9% for eight consecutive quarters, which showed a more solid and stable economic operation. The stability, coordination and sustainability of China's economic development had been enhanced.

(2) Overview of Port Industry in the PRC

In the first half of 2017, the overall harbour production in China recorded a relatively fast growth. The throughput of cargoes above designated size reached 6,247 million tonnes, representing a year-on-year increase of 7.5% as compared with the corresponding period in 2016, of which, coastal ports achieved 4,307 million tonnes, representing a year-on-year of 7.3%, river ports achieved 1,940 million tonnes, representing a year-on-year increase of 8.1%.

For coal business, the China government actively eliminated the coal production with backward capacity, gave full play to the function of high-quality production, improved the structure of the coal production and continuously improved the quality of the effective supply of coal. In the first half of 2017, the raw coal production of the enterprises above designated size reached 1,712 million tonnes, representing a year-on-year increase of 5%. The raw coal production continued to record restorative growth. The import volume of coal achieved 120 million tonnes, representing a year-on-year increase of 25.7%. Coal consumption turned positive. In the first half of 2017, the coal consumption of China amounted to approximately 1,830 million tonnes, representing a year-on-year increase of around 1%. In addition to building materials industry, the coal consumption by power, steel and chemical industries also recorded positive growth. Driven by the demand and affected by the factors including highway anti-overloading and environmental control simultaneously, the proportion of coal railway transportation increased.

For iron ore, the domestic industrial production in China accelerated, investment in the infrastructure strengthened. The supply and demand pattern of iron and steel industry continued to improve. The demand for iron ore increased. In the first half of 2017, the import volume of iron ore and its concentrate amounted to 539 million tonnes, representing a year-on-year increase of 9.3%.

For crude oil, the production output of crude oil amounted to 96.453 million tonnes, representing a year-on-year decrease of 5.1%. The processed crude oil reached 275 million tonnes, representing a year-on-year increase of 3.0%. The import volume of crude oil achieved 212 million tonnes, representing a year-on-year increase of 13.8%.

(Source: National Bureau of Statistics of the PRC, Ministry of Transport of the PRC, National Energy Administration of the PRC, General Administration of Customs of the PRC)

(II) Results of Operation and Financial Performance

(1) Revenue

We provide highly integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargoes 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.

During the Reporting Period, the revenue of the Group amounted to RMB3,393,629 thousand, representing an increase of RMB1,005,370 thousand or 42.10% as compared with the revenue of RMB2,388,259 thousand in the corresponding period in 2016. Such increase was mainly attributable to the combined effect of the stabilizing PRC's macro economy which started to pick up, increase in transport volume of Datong-Qinhuangdao Railway, rationalizing competition from surrounding ports and the increasing coal operating rate.

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

	For the six months ended 30 June					
	2017		2016			
	Revenue *(RMB'000)*	**Percentage of total revenue** *(%)*	Revenue *(RMB'000)*	Percentage of total revenue *(%)*	Increase/ (decrease) *(RMB'000)*	Increase/ (decrease) *(%)*
Dry bulk	**3,080,459**	**90.77**	2,096,514	87.78	983,945	46.93
– Coal	**2,462,060**	**72.55**	1,753,399	73.42	708,661	40.42
– Metal ores	**618,399**	**18.22**	343,115	14.37	275,284	80.23
Oil and liquefied	**33,352**	**0.98**	30,719	1.29	2,633	8.57
Container	**62,032**	**1.83**	62,921	2.63	(889)	(1.41)
General and other cargoes	**94,957**	**2.80**	88,850	3.72	6,107	6.87
Others	**122,830**	**3.62**	109,254	4.57	13,576	12.43
Total	**3,393,629**	**100.00**	2,388,259	100.00	1,005,370	42.10

(2) Operating Costs

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

During the Reporting Period, the operating costs of the Group amounted to RMB2,098,966 thousand, representing an increase of RMB300,945 thousand or 16.74% as compared with the operating costs of RMB1,798,021 thousand in the corresponding period in 2016. Such increase was mainly attributable to a respective increase in variable costs including staff performance bonus, power and fuel costs, and environmental protection and sewage charges affected by the increased throughput and the year-on-year increase in cost of Cangzhou Mineral which officially commenced operation in October 2016.

(3) Gross Profit Margin

During the Reporting Period, the gross profit of the Group amounted to RMB1,294,663 thousand, representing an increase of RMB704,425 thousand or 119.35% as compared with the gross profit of RMB590,238 thousand in the corresponding period in 2016. The gross profit margin of the Group was 38.15% for the Reporting Period, representing a year-on-year increase of 13.44 percentage points as compared with 24.71% in the corresponding period in 2016. Such increase was mainly due to the increase in gross profit was larger than the increase in revenue because of increase in throughput during the reporting period.

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

During the Reporting Period, the Group achieved a total cargo throughput of 188.85 million tonnes[1], representing an increase of 37.26 million tonnes or 24.58%, as compared with the throughput of 151.59 million tonnes[1] in the corresponding period in 2016. The throughputs generated from each of the ports which we operate are as follows:

	For the six months ended 30 June					
	2017		2016			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
QinhuangdaoPort[2]	**117.54**	**62.24**	84.61	55.82	32.93	38.92
Caofeidian Port[3]	**39.47**	**20.90**	36.60	24.14	2.87	7.86
Huanghua Port[4]	**31.84**	**16.86**	30.38	20.04	1.46	4.81
Total	**188.85**	**100.00**	151.59	100.00	37.26	24.58

During the Reporting Period, the Group achieved a cargo throughput of 117.54 million tonnes[2] in Qinhuangdao Port, representing an increase of 32.93 million tonnes or 38.92% from 84.61 million tonnes[2] for the corresponding period in 2016. The increase was mainly due to the fact that the main cargo handled in Qinhuangdao Port was coal, and benefited from the economic growth, increase in demand for coal, release of advanced production capacity of coal, national policies of environmental protection and other factors, the coal throughput recorded a significant increase.

The Group achieved a cargo throughput of 39.47 million tonnes[3] in Caofeidian Port, representing an increase of 2.87 million tonnes or 7.86% from 36.60 million tonnes[3] for the corresponding period in 2016. The increase was mainly due to Caofeidian Shiye's effort to establish long term relationship with customers, to stabilise cargo source and to launch mixed mine business. As such, the iron ore throughput of Caofeidian Port achieved a moderate increase.

The Group achieved a cargo throughput of 31.84 million tonnes[4] in Huanghua Port, representing an increase of 1.46 million tonnes or 4.81% from 30.38 million tonnes[4] for the corresponding period in 2016. The increase was mainly due to the Group's effort to consolidate and expand market, to actively guide customers to conduct the business of collecting coal from the train and distributing metal ore at the port in Huanghua Port and to improve the capability of cargo collection and centralized transportation by railway and the increase in the cargo sources of coal and metal ore.

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

	For the six months ended 30 June					
	2017		2016			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Dry bulk[5]	**175.87**	**93.13**	140.36	92.59	35.51	25.30
– Coal	**115.65**	**61.24**	82.66	54.53	32.99	39.91
– Metal ore	**60.22**	**31.89**	57.70	38.06	2.52	4.37
Oil and liquefied	**1.58**	**0.83**	1.57	1.04	0.01	0.77
Container[6]	**7.10**	**3.76**	6.82	4.50	0.28	4.10
General and other cargoes[7]	**4.30**	**2.28**	2.84	1.87	1.46	51.38
Total[1]	**188.85**	**100.00**	151.59	100.00	37.26	24.58

(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 175.87 million tonnes, representing an increase of 35.51 million tonnes or 25.30% from 140.36 million tonnes for the corresponding period in 2016. The increase was mainly due to the significant increase in dry bulk throughput of the Group which was led by the improvement of the macro market environment, the effective measures taken by the Group to attract customers and stabilise cargo sources.

During the Reporting Period, the Group achieved a total coal throughput of 115.65 million tonnes, representing an increase of 32.99 million tonnes or 39.91% from 82.66 million tonnes for the corresponding period in 2016. Such increase was mainly due to three reasons. First, the macro economy of the PRC continued to remain positive. Both electricity supply and electricity consumption recorded a year-on-year increase. The demand for thermal coal increased significantly. Second, benefited from the national environmental policy, some of the original coal transportation to surrounding ports by truck has been transferred to Qinhuangdao Port by railway. Third, the Group optimized the function of its service, improved the service quality and promoted the marketing of the ports comprehensively.

During the Reporting Period, the Group achieved a total metal ores throughput of 60.22 million tonnes, representing an increase of 2.52 million tonnes or 4.37% from 57.70 million tonnes for the corresponding period in 2016. Such increase was mainly due to the fact that, on one hand, during the first half of the year, the steel enterprises in the hinterland of the ports recorded earnings and increased their demand for imported iron ores; on the other hand, in addition to active market expansion, the Group also maintained good internal production organization to ensure operation efficiency.

(ii) Oil and liquefied chemicals handling services

During the Reporting Period, the Group recorded a total oil and liquefied chemicals throughput of 1.58 million tonnes, representing an increase of 0.01 million tonnes or 0.77% from 1.57 million tonnes for the corresponding period in 2016. The increase was mainly due to the fact that the Group actively identified and developed new cargo sources in addition to consolidating the existing cargo sources.

(iii) Container services

During the Reporting Period, the Group achieved better results in respect of the "dry bulk & general cargoes to containers" reform, increase of volume of exported cargo sources, 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 575,634 TEU, equivalent to a throughput of 7.10 million tonnes, representing increases in the number of containers handled and throughput of 47,941 TEU and 0.28 million tonnes, respectively, (i.e. 9.09% and 4.10%, respectively) as compared with the number of containers handled and throughput of 527,693 TEU and 6.82 million tonnes for the corresponding period in 2016, respectively.

(iv) General cargoes handling services

During the Reporting Period, the Group recorded a total throughput of general and other cargoes of 4.30 million tonnes, representing an increase of 1.46 million tonnes or 51.38% from 2.84 million tonnes for the corresponding period in 2016. The increase in general cargoes handling throughput was mainly due to the fact that we implemented a system under which major customers shall be handled by managers, continued to improve our service quality, put great efforts in the development of cargo sources, explored the potential in small and medium cargo sources and further diversified the cargo sources.

(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.

Notes:

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 39.47 million tonnes, consisting of 1.14 million tonnes of coal and 38.33 million tonnes of metal ores. Throughput includes that of Cangzhou Bohai Jinji Container Terminal Co., Ltd* (滄州渤海津冀集裝箱碼頭有限公司) ("**Jinji Container**"), which was established on 18 November 2016. An equity transfer agreement about Jinji Container was signed on 17 May 2017 (please refer to the announcement published on 17 May 2017 by the Company for more details), and the change of business registration was completed on 31 May 2017. After the equity transfer, Jinji Container is a non-consolidated joint venture of the Company. The Company directly owns 10% interests and indirectly owns 45% interests in Jinji Container. During the Reporting Period, the throughput of Jinji Container was 300,492TEUs, among which 54,321TEUs was after the equity transfer.

2. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 275,142 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 300,492 TEU in Huanghua Port during the Reporting Period.

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

6. During the Reporting Period, using TEU as the measuring unit, the Group recorded a containers throughput of 575,634 TEU.

7. 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 RMB394,780 thousand, representing an increase of RMB7,785 thousand or 2.01% from RMB386,995 thousand for the corresponding period in 2016. The increase was mainly attributable to the fact that, on one hand, affected by the increase in operating results, staff performance bonus increased; on the other hand, since May 2016, the property tax, land use tax, vehicle use tax and stamp duty were reclassified to tax and surcharges for accounting purpose; in addition, early retirement benefits were also decreased as compared with 2016.

(6) Financial Costs

During the Reporting Period, our financial costs amounted to RMB172,278 thousand, representing an increase of RMB56,142 thousand or 48.34% from RMB116,136 thousand for the corresponding period in 2016. The increase was mainly attributable to that Phase 1 of metal ores terminal project in Cangzhou Mineral (滄州礦石碼頭一期工程) was reclassified to fixed assets in September 2016 and the interest on borrowings in this period was expensed.

(7) Investment Income

During the Reporting Period, our investment income amounted to RMB82,369 thousand, representing an increase of RMB15,186 thousand or 22.60% from RMB67,183 thousand for the corresponding period in 2016. The increase was mainly attributable to increase in investment income from disposal of Jinji Container.

(8) Other Income and Net Non-operating Revenue and Expenses

Since 1 January 2017, the government subsidies in relation to the daily activities of the Group were reclassified from non-operating revenue to other revenue for accounting purpose. During the Reporting Period, our other income and net non-operating revenue and expenses amounted to RMB42,163 thousand, representing an increase of RMB27,400 thousand or 185.60% from RMB14,763 thousand for the corresponding period in 2016. The increase was mainly attributable to receiving benefits and employment subsidy during the reporting period.

(9) Income Tax Expense

Income tax expense of the Group increased by RMB130,580 thousand to RMB174,407 thousand for the Reporting Period from RMB43,827 thousand for the corresponding period in 2016, and the effective income tax rate of the Group decreased to 21.91% for the Reporting Period from 23.85% for the corresponding period in 2016, which was mainly due to the fact that Cangzhou Mineral, a subsidiary of the Group enjoyed the tax preferential policy of "three-year exemption and three-year 50% reduction".

(10) *Net Profit*

Net profit of the Group for the Reporting Period amounted to RMB621,672 thousand, representing an increase of RMB481,749 thousand or 344.30% from RMB139,923 thousand for the corresponding period in 2016. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB617,039 thousand, representing an increase of RMB479,675 thousand or 349.20% from RMB137,364 thousand for the corresponding period in 2016. The increase in net profit was mainly due to the combined effect of the stabilizing PRC's macro economy which started to pick up, increase in transport volume of Datong-Qinhuangdao Railway, rationalizing competition from surrounding ports and the increasing coal operating rate, which resulted in increase of operating profit.

During the Reporting Period, net profit margin of the Group was 18.32%, representing an increase of 12.46 percentage points from approximately 5.86% for the corresponding period in 2016.

(11) *Earning 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 Year amounted to RMB0.1227, representing an increase of 349.45% from RMB0.0273 for the corresponding period in 2016. Please refer to Note 16 to the 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 investment, 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 flows generated from operating activities amounted to RMB1,498,227 thousand, representing an increase of RMB922,151 thousand or 160.07% as compared with RMB576,076 thousand for the corresponding period in 2016. Such increase was mainly resulted from increase in revenue during the reporting period.

During the Reporting Period, net cash flows generated from investing activities amounted to RMB-63,843 thousand, representing a decrease of RMB672,086 thousand or 110.50% as compared with RMB608,243 thousand for the corresponding period in 2016. Such decrease was mainly resulted from increase in the payment of the projects during the reporting period and additional investment on joint and associates ventures.

During the Reporting Period, net cash flows from financing activities amounted to RMB-8,639 thousand, representing an increase of approximately RMB209,477 thousand as compared with RMB-218,116 thousand for the corresponding period in 2016. Such increase was mainly attributable to that the net increase in borrowings from banks represented an increase as compared with that for the corresponding period in 2016.

Due to the above reasons, as at 30 June 2017, the Group held a balance of cash and cash equivalents of approximately RMB2,568,496 thousand, representing an increase of RMB221,122 thousand or 9.42% from RMB2,347,374 thousand as at 30 June 2016.

Due to the above reasons, as at 30 June 2017, the gearing ratio (total liabilities divided by total assets) of the Group was 48.96%, decreased by 5.36 percentage points as compared with the gearing ratio of 54.32% as at 30 June 2016.

The table below sets forth the summary of the consolidated statement of cash flows of the Group for the reporting periods indicated:

	30 June 2017 *(RMB'000)*	30 June 2016 *(RMB'000)*
Net cash flow generated from operating activities	**1,498,227**	576,076
Net cash flow generated from investing activities	**-63,843**	608,243
Net cash flow generated from financing activities	**-8,639**	-218,116
Net increase in cash and cash equivalents	**1,418,690**	970,917
Cash and cash equivalents at the beginning of period	**1,149,806**	1,376,457
Cash and cash equivalents at the end of period	**2,568,496**	2,347,374

(13) Exchange Rate Risks

The operations of the Group mainly locate in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses are denominated in or settled in RMB, while debts denominated in foreign currencies are mainly used to pay overseas agency fees. 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

	30 June 2017	30 June 2016
Current ratio	**0.85**	0.62
Quick ratio	**0.72**	0.52
Turnover days of trade receivables	**8.10**	14.01
Turnover days of trade payables	**12.18**	13.38

As at 30 June 2017, the Group's current ratio and quick ratio were approximately 0.85 and 0.72, respectively, representing increases as compared with the current ratio of 0.62 and quick ratio of 0.52 on 30 June 2016. The turnover days of trade receivables for the Reporting Period was 8.10 days and the turnover days of trade payables was 12.18 days, representing a decrease of 5.91 days and 1.20 days, respectively, as compared with 14.01 days and 13.38 days for the corresponding period in 2016. The above ratios and turnover days had improved significantly compared with those for the corresponding period of 2016.

(16) Overview of Major Investments

During the Reporting Period, the Group did not make material investment in its subsidiaries or associated companies.

(17) Material Acquisition and Disposal

On 17 May 2017 (after trading hours), Cangzhou Bohai (a 96.08% owned subsidiary of the Company and as the Transferor) entered into the Equity Transfer Agreement with Bohai Jin-Ji Port Investment and Development Company Limited (as the Transferee), pursuant to which Cangzhou Bohai has agreed to transfer and Bohai Jinji has agreed to acquire 90% equity interest in Jinji Container at a consideration of RMB559,572,840 (subject to the adjustment of the last consideration). Immediately after the Equity Transfer Completion Date, Jinji Container will cease to be a subsidiary of the Company. Accordingly, the financial results of Jinji Container will no longer be consolidated into the Company's financial statements after the Equity Transfer Completion Date. The Equity Transfer constitutes a discloseable transaction and is therefore subject to reporting and announcement requirements under the Listing Rules, but is exempt from the circular, shareholders' approval and accountant's report requirements. For details, please refer to the Company's announcement dated 17 May 2017.

(18) Future Plans Relating to Material Investment or Capital Assets

As at the date of this report, save for the disclosed information, the Group did not enter into any agreement in respect of any proposed acquisitions and did not have any other future plans relating to material investment or capital asset.

(III) Prospects in the second half of 2017

It it expected that the PRC's economy will maintain stable growth in the second half of the year. The Group will continue to put great efforts in carrying out marketing initiatives and strive to increase the cargo sources in order to achieve stable growth in throughput.

Coal business:

In the second half of 2017, the port business of Tangshan Caofeidian Coal Port Co., Ltd. ("**Caofeidian Coal**"), a subsidiary of the Group, will further improve, thereby driving the increase of overall throughput of the Group. The gradual increase in cargo throughput of Mengji Railway will provide stable cargoes supply to Caofeidian, which will effectively increase the overall share of the Group in the coal market. The Company will further implement the management model of "integration between Qinhuangdao Port and Caofeidian Port", leverage on the respective advantages of Qinhuangdao Port and Caofeidian Coal and refine the linkage mechanism between the two ports in order to maximize the overall throughput capacity of Qinhuangdao Port and Caofeidian Coal.

In accordance with the requirements set forth in "Air Pollution Prevention and Control Program for Beijing-Tianjin-Hebei and the Surrounding Areas in 2017", the ports in the Bohai Rim will be prohibited to collect and distribute the coal transported by diesel trucks after September 2017. By then, the coal transported by truck will return in a great measure to railway transportation. As a result, the cargo flows to Qinhuangdao Port, the main hub port of Datong-Qinhuangdao Railway, is expected to be further improved.

On 1 June 2017, Datong-Qinhuangdao Railway reduced the electrification surcharge for the electrification section of national railway under its management (using unified transportation price for national railway) from RMB0.012 per tonne per kilometer to RMB0.007 per tonne per kilometer, which further widened the advantage in railway transportation costs of Qinhuangdao Port, thereby further improving the competitive advantage of Qinhuangdao Port in comprehensive logistics costs.

Metal ores business:

It is expected that the rigid demand from steel enterprises will ensure the import volume of iron ores in the second half of the year. The ports will continue to actively expand the business, provide quality services to customers, maintain good production organization in a careful manner and further enhance the system efficiency to ensure stable operation of port production.

Oil and liquefied chemicals business:

We will develop the cargo sources with existing equipment and facilities, endeavor to facilitate the commencement of utilization of supervisory storage tank, visit relevant cargo owners and the surrounding ports, conduct market research and reinforce our capacity in securing cargo transportation volume.

Container business:

We will cooperate with railway and shipping companies to develop the market, further expand the cargo sources of "dry bulk & general cargoes to containers", conduct market research, focus on the development of long distance hinterland cargoes, actively communicate and coordinate with the railway authority and customers in upstream and downstream and ensure the stable operation and increase in cargo volume of sea-rail intermodal transportation. Since Bohai Jinji is a joint venture of the Company and Tianjin Port Group, after Bohai Jinji receive 90% equity interest in Bohai Jinji Container, the transfer can bring forth the integration of the container business of the Group and Tianjin Port Group as well as promote the development of the Group's container business by integrating the resources of both groups, optimizing location distribution and enhancing the efficient use of the ports without constructing new berths for containers.

General and other cargoes business:

In addition to consolidating the existing cargo sources, we will also increase our marketing efforts, formulate innovative marketing strategies and continuously develop new cargo market to achieve stability and growth in cargo sources of our ports.

(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 27 July 2017 (after trading hours), HPG and the Company entered into the Capital Increase Agreement of Hebei Port Group Finance Company Limited, pursuant to which HPG and the Company will make further capital contribution to Hebei Port Group Finance Company Limited in proportion to their existing equity holding (ie. 60% held by HPG and 40% held by the Company) in cash in RMB. The Company will make further capital contribution of RMB400 million to Hebei Port Group Finance Company Limited. Upon completion of the capital increase, the Company will have made capital contribution in the total sum of RMB600 million in HPG Finance and its equity holding in HPG Finance Limited will remain as 40%.

HPG is the controlling shareholder and connected person of the Company. As Hebei Port Group Finance Company Limited is a subsidiary of HPG and 60% of its equity is owned by HPG, Hebei Port Group Finance Company Limited is an associate of HPG and also a connected person of the Company. Such transaction constitutes a connected transaction under Chapter 14A of the Listing Rules. For details of the Capital Increase Agreement of Hebei Port Group Finance Company Limited, please refer to the Company's announcement dated 27 July 2017.

(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

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 2017.

(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 2017.

(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 2017 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.portqhd.com/). The interim report of 2017 will be dispatched to our Shareholders on or before 30 September 2017 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 our Company as at the date of this report
"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 our Company as at the date of this report
"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 2016"	the six months ended 30 June 2016
"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 61.11% 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 July 2017
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time
"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.*
CAO Ziyu
Chairman

Qinhuangdao, Hebei Province, the PRC
14 August 2017

As at the date of this announcement, the executive directors of the Company are CAO Ziyu, YANG Wensheng, WANG Lubiao and MA Xiping; the non-executive directors of the Company are 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*