Qingdao Port International Co., Ltd.
青 島 港 國 際 股 份 有 限 公 司

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

(Stock Code: 06198)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2017:

- Revenue was RMB4,785 million, representing an increase of 16.1% as compared to the same period in the prior year;
- Net profit attributable to shareholders of the Company was RMB1,550 million, representing an increase of 29.2% as compared to the same period in the prior year; and
- Basic earnings per share was RMB0.31.

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2017. The interim results have been reviewed by the Audit Committee of the Board. The Group's unaudited interim consolidated income statement, unaudited interim consolidated balance sheet and the notes 1 to 12 as presented below are extracted from the Group's unaudited interim consolidated financial information for the six months ended 30 June 2017.

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2017
(All amounts in RMB Yuan unless otherwise stated)

	Note	**30 June 2017** *(Unaudited)*	**31 December 2016**
ASSETS			
Current assets			
Cash at bank and on hand		12,450,044,630	8,100,294,431
Financial assets at fair value through profit or loss		69,755,476	—
Notes receivable		828,919,421	665,419,919
Accounts receivable	3	1,485,684,310	1,307,610,944
Advances to suppliers		90,961,331	59,043,938
Interests receivable		55,885,813	27,600,404
Dividends receivable		242,348,538	100,000,000
Other receivables		1,150,114,636	861,340,269
Inventories		520,596,430	482,195,054
Current portion of non-current assets		548,498,380	313,729,688
Other current assets		1,106,664,998	1,197,414,942
Total current assets		18,549,473,963	13,114,649,589
Non-current assets			
Available-for-sale financial assets		92,207,877	92,207,877
Long-term receivables		3,404,861,500	3,484,533,992
Long-term equity investments		8,115,519,602	5,139,039,800
Investment properties		177,721,267	117,843,468
Fixed assets		11,652,804,911	11,684,982,980
Construction in progress		3,466,328,625	2,172,757,318
Construction materials		84,949,234	166,211,455
Intangible assets		869,469,873	931,416,765
Goodwill		20,686,493	18,836,008
Long-term prepaid expenses		13,730,023	14,874,061
Deferred tax assets		868,450,918	872,096,260
Other non-current assets		450,838,117	473,124,633
Total non-current assets		29,217,568,440	25,167,924,617
TOTAL ASSETS		47,767,042,403	38,282,574,206

	Notes	30 June 2017 (Unaudited)	31 December 2016
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings		334,207,112	262,947,290
Notes payable		1,330,230,752	817,619,173
Accounts payable	4	1,415,252,456	1,125,837,022
Advances from customers		375,533,533	334,125,905
Employee benefits payable		206,414,496	227,056,983
Taxes payable		187,242,821	153,220,569
Interests payable		66,441,646	99,129,006
Dividends payable		787,551,013	—
Other payables		10,106,135,900	9,895,856,196
Current portion of non-current liabilities		28,145,039	24,137,717
Total current liabilities		14,837,154,768	12,939,929,861
Non-current liabilities			
Long-term borrowings		184,419,487	137,390,687
Bonds payable	5	3,500,000,000	3,500,000,000
Long-term payables		68,728,865	58,101,909
Provisions		2,808,441	2,283,097
Deferred income		144,864,441	145,259,921
Long-term employee benefits payable		2,530,030,000	2,731,450,000
Other non-current liabilities		3,183,914,771	3,285,600,108
Total non-current liabilities		9,614,766,005	9,860,085,722
Total liabilities		24,451,920,773	22,800,015,583
Equity			
Share capital		6,036,724,000	4,778,204,000
Capital surplus		10,779,287,682	5,321,635,366
Other comprehensive income		119,756,500	(63,024,800)
Specific reserve		7,704,162	2,991,631
Surplus reserve		429,859,457	429,859,457
General reserve		134,121,910	134,121,910
Undistributed profits		4,394,850,383	3,631,936,223
Total equity attributable to shareholders of the Company		21,902,304,094	14,235,723,787
Non-controlling interests		1,412,817,536	1,246,834,836
Total equity		23,315,121,630	15,482,558,623
TOTAL LIABILITIES AND EQUITY		47,767,042,403	38,282,574,206

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017
(All amounts in RMB Yuan unless otherwise stated)

Item	*Notes*	Six months ended 30 June 2017 (*Unaudited*)	Six months ended 30 June 2016 (*Unaudited*)
Revenue	7,12	4,785,027,307	4,121,919,021
Less: Cost of sales	7,12	(3,079,234,373)	(2,742,607,146)
Taxes and surcharges	8	(53,732,698)	(41,167,136)
Selling and distribution expenses		(7,822,408)	(7,926,483)
General and administrative expenses		(213,163,917)	(270,810,435)
Finance expenses - net		75,971,001	56,201,134
Asset impairment losses		(6,662,216)	(18,890,277)
Add: Investment income		529,772,239	398,802,833
Including: Share of profit of associates and joint ventures		511,045,352	398,626,852
Operating profit		2,030,154,935	1,495,521,511
Add: Non-operating income	9	34,771,856	59,204,143
Including: Gains on disposal of non-current assets		5,494,641	38,719,286
Less: Non-operating expenses	9	(1,900,533)	(148,781)
Including: Losses on disposal of non-current assets		(1,480,853)	(105,179)
Total profit		2,063,026,258	1,554,576,873
Less: Income tax expenses	10	(410,394,685)	(301,756,199)
Net profit		1,652,631,573	1,252,820,674
Including: Net profit of the acquired entity in a business combination involving enterprises under common control before the combination date		—	862,154
Attributable to shareholders of the Company		1,550,465,173	1,200,341,762
Attributable to non-controlling interests		102,166,400	52,478,912

Item	*Notes*	**Six months ended 30 June 2017** *(Unaudited)*	**Six months ended 30 June 2016** *(Unaudited)*
Other comprehensive income, net of tax		183,120,000	99,090,000
Attributable to shareholders of the Company			
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Remeasurement of employee benefit obligations		182,781,300	98,933,200
Attributable to non-controlling interests		338,700	156,800
Total comprehensive income		1,835,751,573	1,351,910,674
Attributable to shareholders of the Company		1,733,246,473	1,299,274,962
Attributable to non-controlling interests		102,505,100	52,635,712
Earnings per share	11		
Basic earnings per share		0.31	0.25
Diluted earnings per share		0.31	0.25

Notes:

1. General information

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

The Company issued foreign-listed H shares overseas at its initial public offering on 6 June 2014.

The Company completed the placing of 243,000,000 new H shares on 18 May 2017 at the placing price of HKD4.32 per H Share(approximately equivalent to RMB3.81). The number of total issued shares of the Company increased to 5,021,204,000 shares as a result of the issue of the Placing Shares.

The Company made private placement 1,015,520,000 Domestic Shares to Shanghai China Shipping Terminal Development Co., Ltd. ("Shanghai China Shipping Terminal") on 22 May 2017; the subscription price per share was RMB5.71 and the total subscription amount was RMB5,798,619,200. Shanghai China Shipping Terminal paid RMB2,599,968,360 in cash and 20% of its shares held in QQCT at the price of RMB3,198,650,840. After the completion of the private placement of Domestic Shares, the registered capital of the Company increased to RMB6,036,724,000.

As at 30 June 2017, the total share capital of the Company is 6,036,724,000 shares with par value at RMB1, including 4,937,699,000 Domestic Shares and 1,099,025,000 H shares, accounting for 81.8% and 18.2% respectively of the total share capital. As at 30 June 2017, Qingdao Port Group holds 58.45% shares of the Company.

The scope of business of the Company and its subsidiaries (collectively "the Group") includes port and port-related services such as stevedoring, stacking, storage and cargo transportation of containers, metal ores, coal, crude oil, grains, break bulk cargo, financing service business, and port supporting business like port machinery manufacture, building and construction, tugboat and barging, and ocean shipping tallying.

2. Basis of preparation

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

The financial statements are prepared on a going concern basis, all amounts in RMB Yuan, unless otherwise stated.

(1) ***Preparation basis of consolidated financial statements***

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

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

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

At preparation of the Company's financial statements, the assets and liabilities of Qingdao Port Group that were contributed into the Company are recognised based on the appraisal values approved by the competent state-owned assets management authorities and are recorded in the Company's balance sheet.

(3) ***Changes in accounting policies***

In 2017, the Ministry of Finance issued CAS 42 "Non-current assets and disposal groups held for sale and discontinued operations" and CAS 16 "Government Grant" (revised). The Group has adopted both above standards in preparation of financial statements for the six months ended 30 June 2017. Financial statement items have been presented according to the above standards and the above standards have no material impact on the financial statements.

3. Accounts receivable

	30 June 2017 *(Unaudited)*	**31 December 2016**
Accounts receivable	1,519,401,273	1,394,218,334
Less: Provision for bad debts	(33,716,963)	(86,607,390)
	1,485,684,310	1,307,610,944

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

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

	30 June 2017 (unaudited)			31 December 2016		
	Amount	**% of total balance**	**Provision for bad debts**	**Amount**	**% of total balance**	**Provision for bad debts**
Within 1 year	1,428,289,708	94.00%	(9,051,455)	1,341,049,189	96.18%	(63,670,000)
1 to 2 years	60,298,318	3.97%	(3,577,049)	26,373,584	1.89%	(3,741,964)
2 to 3 years	18,200,984	1.20%	(10,281,221)	17,645,193	1.27%	(10,133,713)
3 to 4 years	3,491,051	0.23%	(1,745,526)	—	—	—
4 to 5 years	497,500	0.03%	(438,000)	526,655	0.04%	(438,000)
Over 5 years	8,623,712	0.57%	(8,623,712)	8,623,713	0.62%	(8,623,713)
	1,519,401,273	100.00%	(33,716,963)	1,394,218,334	100.00%	(86,607,390)

Accounts receivable are mainly recorded based on the date of transaction. The ageing of accounts receivable represented on their recording dates is basically the same as that represented based on the dates of invoice.

4. Accounts payable

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

	30 June 2017 *(Unaudited)*	**31 December 2016**
Within 3 months	597,438,168	469,177,439
3 to 6 months	226,810,654	296,884,626
Over 6 months	591,003,634	359,774,957
	1,415,252,456	1,125,837,022

Accounts payable are mainly recorded based on the date of transaction. The ageing of accounts payable represented on their recording dates is basically the same as that represented based on the dates of invoice.

5. Bonds payable

	31 December 2016	**Issued during the current period** *(Unaudited)*	**30 June 2017** *(Unaudited)*
Corporate bonds payable	3,500,000,000	—	3,500,000,000

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

6. Dividends

Pursuant to the resolution at the board meeting held on 17 March 2017 and the annual general meeting held on 28 June 2017, the Company will distribute a dividend of RMB787,551,013 to the shareholders of the Company for 2016 at RMB130.46(tax inclusive) per thousand shares.

For the six months ended 30 June 2017, the Board of Directors has not declared to release interim dividend (for the six months ended 30 June 2016: nil).

7. Revenue and cost of sales

	Six months ended 30 June 2017 *(Unaudited)*	**Six months ended 30 June 2016** *(Unaudited)*
Revenue from main operations	4,333,523,802	3,637,029,804
Revenue from other operations	451,503,505	484,889,217
	4,785,027,307	4,121,919,021

	Six months ended 30 June 2017 *(Unaudited)*	**Six months ended 30 June 2016** *(Unaudited)*
Cost of sales from main operations	(2,824,789,745)	(2,473,940,969)
Cost of sales from other operations	(254,444,628)	(268,666,177)
	(3,079,234,373)	(2,742,607,146)

8. Taxes and surcharges

	Six months ended 30 June 2017 *(Unaudited)*	Six months ended 30 June 2016 *(Unaudited)*
Land use tax	22,943,890	—
City maintenance and construction tax	8,293,239	9,692,957
Business tax (i)	5,929,256	21,459,271
Educational surcharge	5,927,625	6,923,430
Stamp duty	7,252,600	—
Others	3,386,088	3,091,478
	53,732,698	41,167,136

(i) The Group lease out certain port facilities in Qianwan Port Area to related parties including QQCT, with a lease term of 30 years. By the end of 2010, the Group had received the rental payments in full. The Group accrued business tax and surcharges on the day receiving the rental payments and recorded the tax and surcharges paid as other non-current assets. The Group amortizes the above non-current assets to taxes and surcharges according to the recognised rental income for each period.

9. Non-operating income and expenses

(a) ***Non-operating income***

	Six months ended 30 June 2017 *(Unaudited)*	Six months ended 30 June 2016 *(Unaudited)*
Gains on disposal of non-current assets	5,494,641	38,719,286
Including: Gains on disposal of fixed assets	5,494,641	5,753,328
Gains on disposal of investment properties	—	32,965,958
Government grants	19,657,566	11,116,890
Commission from port construction fees	7,175,068	6,783,495
Others	2,444,581	2,584,472
	34,771,856	59,204,143

(b) ***Non-operating expenses***

	Six months ended 30 June 2017 *(Unaudited)*	Six months ended 30 June 2016 *(Unaudited)*
Losses on disposal of non-current assets	1,480,853	105,179
Including: Losses on disposal of fixed assets	1,480,853	105,179
Others	419,680	43,602
	1,900,533	148,781

10. Income tax expenses

	Six months ended 30 June 2017 *(Unaudited)*	Six months ended 30 June 2016 *(Unaudited)*
Current income tax calculated based on tax law and related regulations	410,949,248	315,839,591
Deferred income tax	(554,563)	(14,083,392)
	410,394,685	301,756,199

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

	Six months ended 30 June 2017 *(Unaudited)*	Six months ended 30 June 2016 *(Unaudited)*
Total profit	2,063,026,258	1,554,576,873
Income tax expenses calculated at applicable tax rates	515,756,565	388,644,218
Investment income not subject to tax	(127,761,338)	(99,656,713)
Additional deduction of employee benefits of the disabled	(1,111,740)	(1,147,745)
Costs, expenses and losses not deductible for tax purposes	23,511,198	13,916,439
Income tax expenses	410,394,685	301,756,199

11. Earnings per share

(a) ***Basic earnings per share***

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

	Six months ended 30 June 2017 *(Unaudited)*	**Six months ended 30 June 2016** *(Unaudited)*
Consolidated net profit attributable to ordinary shareholders of the Company	1,550,465,173	1,200,341,762
Weighted average number of ordinary shares outstanding	5,054,746,983	4,778,204,000
Basic earnings per share	0.31	0.25
Including:		
- Basic earnings per share from continuing operations	0.31	0.25
- Basic earnings per share from discontinued operations	N/A	N/A

(b) ***Diluted earnings per share***

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2017 (for the six months ended 30 June 2016: nil), diluted earnings per share equal to basic earnings per share.

12. Segment information

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

The Group identified 6 reportable segments as follows:

— Container handling and ancillary services: loading and discharging of containers, storage and port management;

— Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management;

— Liquid bulk handling and ancillary services: loading and discharging of liquid bulk, storage, transport and port management;

— Logistics and port value-added services: CFS, provision of cargo logistics, agency, towing, tallying and other services;

— Port ancillary services: provision of manufacturing of port related equipment, facilities construction services, supplying electricity power, fuel and others; and

— Financial services: provision of financial products and services including provision of deposit taking activities, corporate loans, guarantee, agency insurance and others.

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

Inter-segment transfer prices are mutually agreed with reference to the market price. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

12. Segment information (Cont'd)

(a) Segment information for the six months ended 30 June 2017 and as at 30 June 2017 is listed as follows(Unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	112,040,436	1,575,424,796	230,832,910	2,002,514,697	852,073,251	217,926,750	—	—	4,990,812,840
Inter-segment revenue	—	56,661,953	707,547	160,372,005	291,637,330	32,612,655	—	(541,991,490)	—
Cost of sales	(35,528,578)	(1,206,615,807)	(54,962,534)	(1,182,026,543)	(599,636,644)	(39,975,602)	—	—	(3,118,745,708)
Interest income	—	1,116,027	127,155	6,071,705	1,501,981	542,327	82,693,594	(54,565,280)	37,487,509
Interest expenses	—	(18,774,520)	(21,668,821)	(1,119,420)	(6,526,097)	1,237,213	(60,493,232)	47,077,489	(60,267,388)
Share of profit of associates and joint ventures	304,264,048	20,013,731	136,865,578	49,358,061	—	543,934	—	—	511,045,352
Provision for asset impairment losses	—	—	—	—	(1,905,708)	(4,756,508)	—	—	(6,662,216)
Depreciation and amortisation	(9,416,113)	(132,543,067)	(33,643,178)	(36,651,565)	(16,687,668)	(1,127,474)	(70,563,493)	—	(300,632,558)
Total profit	386,308,958	260,408,407	287,154,912	818,625,812	176,456,916	204,798,065	(52,873,104)	(17,853,708)	2,063,026,258
Income tax expenses	—	(3,246,352)	(15,113,542)	(166,065,430)	(21,226,259)	(49,360,288)	(156,580,460)	1,197,646	(410,394,685)
Net profit	386,308,958	257,162,055	272,041,370	652,560,382	155,230,657	155,437,777	(209,453,564)	(16,656,062)	1,652,631,573
Total assets	5,745,680,637	9,161,748,720	6,752,499,082	4,025,137,438	5,524,795,072	14,740,141,595	10,194,532,933	(8,377,493,074)	47,767,042,403
Total liabilities	62,030,000	3,320,297,619	3,835,868,747	1,275,522,827	7,079,669,076	12,299,245,377	5,188,906,179	(8,609,619,052)	24,451,920,773
Non-cash expenses other than depreciation and amortisation	—	22,200,000	1,020,000	5,810,000	16,480,000	10,000	—	—	45,520,000
Long-term equity investments in associates and joint ventures	5,032,138,724	992,188,031	1,588,843,638	411,805,275	—	90,543,934	—	—	8,115,519,602
Additions of non-current assets (i)	24,007,320	260,153,550	1,102,463,958	91,871,638	19,483,106	(39,100,377)	15,188,787	(10,748,659)	1,463,319,323

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets

12. Segment information (Cont'd)

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

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	95,461,170	1,364,350,562	55,815,887	1,597,727,856	998,826,183	146,974,318	—	—	4,259,155,976
Inter-segment revenue	—	46,560,888	—	8,285,582	374,779,778	10,213,046	—	(439,839,294)	—
Cost of sales	(36,203,042)	(936,463,173)	(8,466,237)	(1,017,804,432)	(743,246,930)	(21,181,868)	—	—	(2,763,365,682)
Interest income	—	1,217,622	221,308	3,380,360	1,079,726	156,739	51,268,814	(28,827,503)	28,497,066
Interest expenses	—	(6,039,225)	—	(69,963)	(369,313)	—	(39,135,533)	4,492,635	(41,121,399)
Share of profit of an associate and joint ventures	263,276,715	7,482,081	101,012,977	26,855,079	—	—	—	—	398,626,852
Provision for asset impairment losses	—	(114,412)	—	(9,011,406)	(2,099,796)	(7,664,663)	—	—	(18,890,277)
Depreciation and amortisation	(3,767,137)	(120,485,425)	(4,237,471)	(42,027,468)	(65,375,282)	(1,034,771)	(5,998,445)	—	(242,925,999)
Total profit	321,624,843	279,749,302	147,318,367	536,793,754	232,918,779	120,827,240	(61,090,800)	(23,564,612)	1,554,576,873
Income tax expenses	—	(2,186,795)	(128,231)	(100,380,533)	(34,627,775)	(29,563,747)	(139,073,947)	4,204,829	(301,756,199)
Net profit	321,624,843	277,562,507	147,190,136	436,413,221	198,291,004	91,263,493	(200,164,747)	(19,359,783)	1,252,820,674
Total assets	2,053,070,860	9,216,854,244	3,747,705,080	3,356,076,422	5,183,510,043	10,715,054,653	6,746,353,925	(4,264,608,953)	36,754,016,274
Total liabilities	73,090,000	3,158,298,955	1,055,149,053	1,041,652,096	6,833,594,134	9,551,912,990	5,421,771,739	(4,676,811,916)	22,458,657,051
Non-cash expenses other than depreciation and amortisation	—	23,560,000	20,000	6,410,000	17,690,000	10,000	—	—	47,690,000
Long-term equity investments in an associate and joint ventures	1,838,782,850	957,544,951	1,588,976,735	372,494,076	—	—	—	—	4,757,798,612
Additions of non-current assets (i)	—	565,912,605	359,106,864	47,141,374	53,836,420	4,487,895	2,907,836	(35,103,185)	998,289,809

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets

12. **Segment information (Cont'd)**

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

	Six months ended 30 June 2017 *(Unaudited)*	**Six months ended 30 June 2016** *(Unaudited)*
Revenue -		
Reportable segment revenue from external customers	4,990,812,840	4,259,155,976
Reclassification of interest income, from external customers of Qingdao Finance (i)	(205,785,533)	(137,236,955)
Consolidated revenue (Note 7)	4,785,027,307	4,121,919,021
Interest income -		
Reportable segment interest income	37,487,509	28,497,066
Reclassification of interest income, from external customers of Qingdao Finance (i)	205,785,533	137,236,955
Consolidated interest income	243,273,042	165,734,021
Cost of sales-		
Reportable segment cost of sales	3,118,745,708	2,763,365,682
Reclassification of interest expenses, from external customers of Qingdao Finance (ii)	(39,511,335)	(20,758,536)
Consolidated cost of sales (Note 7)	3,079,234,373	2,742,607,146
Interest expenses -		
Reportable segment interest expenses	60,267,388	41,121,399
Reclassification of interest expenses, from external customers of Qingdao Finance (ii)	39,511,335	20,758,536
Consolidated interest expenses	99,778,723	61,879,935

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERNATIONAL AND DOMESTIC SITUATION

1. General Situation

In the first half of 2017, the global economy experienced a moderate recovery and domestic economy saw stable and positive growth. The gross domestic product (GDP) of China increased by 6.9% as compared to the same period in the prior year. The total export and import trade value of China increased by 15.0% and 25.7% as compared to the same period in the prior year, respectively. (Statistics source: National Bureau of Statistics of the PRC)

2. Operation of the Port Industry

With the positive growth in economy and the increase in the import and export trade volume in China, the growth rate of national coastal ports throughput has increased rapidly. In the first half of 2017, the national coastal ports throughput and the container throughput increased by 7.3% and 7.8% as compared to the same period in the prior year, respectively. (Statistics source: Ministry of Transport of the PRC)

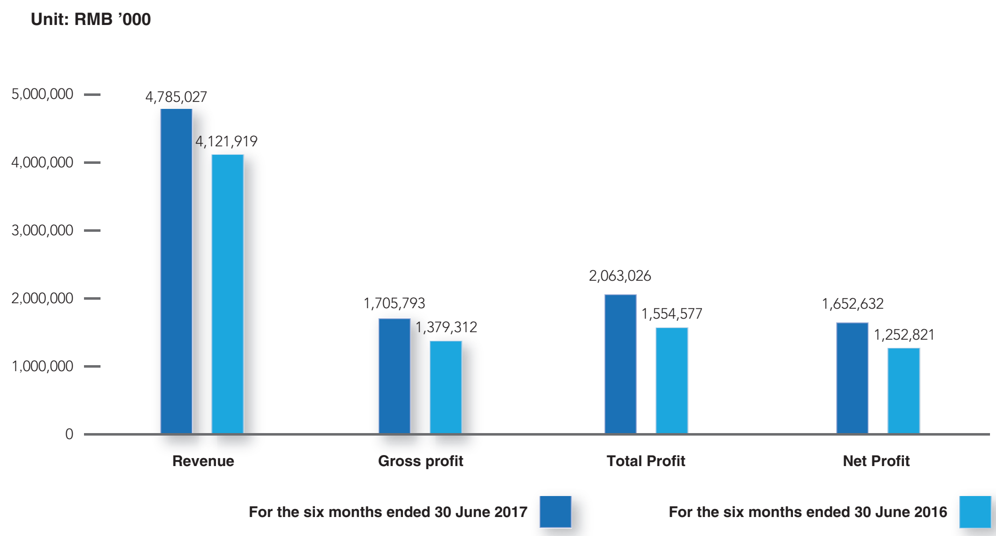
II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP

1. Overall Review

The Group maintained its strategic strength as always, continued to deepen and intensify the supply-side reform of port services, steadily developed stevedoring operations as its main business and endeavored in developing modern logistics and implementing the three strategies of "Finance, Internationalization and Internet", further optimized the profit structure and created new space for development and a diversified and sustainable profit model.

For the six months ended 30 June 2017, the throughput of the Group together with its joint ventures and an associate (without taking into account the respective shareholding percentage the Company has in those joint ventures and an associate) reached 226.64 million tons, representing an increase of 2.3% as compared to the same period in the prior year, among which, the foreign trade throughput reached 174.40 million tons, representing an increase of 5.7% as compared to the same period in the prior year. The container throughput of the Group reached 9.09 million TEUs, representing an increase of 2.6% as compared to the same period in the prior year.

Comparison of Major Operating Indicators



For the six months ended 30 June 2017, the Group recorded a revenue of RMB4,785 million, representing an increase of RMB663 million, or 16.1%, as compared to the same period in the prior year, mainly due to the increase in the revenue from the logistics and port value-added services, the metal ore, coal and other cargo handling and ancillary services, and the liquid bulk handling and ancillary services segments.

For the six months ended 30 June 2017, the Group recorded a gross profit of RMB1,706 million, representing an increase of RMB326 million, or 23.7%, as compared to the same period in the prior year, mainly due to the increase in gross profit from the logistics and port value-added services and the liquid bulk handling and ancillary services .

For the six months ended 30 June 2017, the share of profit of an associate and joint ventures of the Group amounted to RMB511 million, representing an increase of RMB112 million, or 28.1%, as compared to the same period in the prior year, mainly due to the increase in the investment income from the container handling and ancillary services and liquid bulk handling and ancillary services segments.

For the six months ended 30 June 2017, the Group realized a total profit of RMB2,063 million, representing an increase of RMB508 million, or 32.7%, as compared to the same period in the prior year.

For the six months ended 30 June 2017, the net profit of the Group amounted to RMB1,653 million, representing an increase of RMB400 million, or 31.9% as compared to the same period in the prior year.

2. Segment Review

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

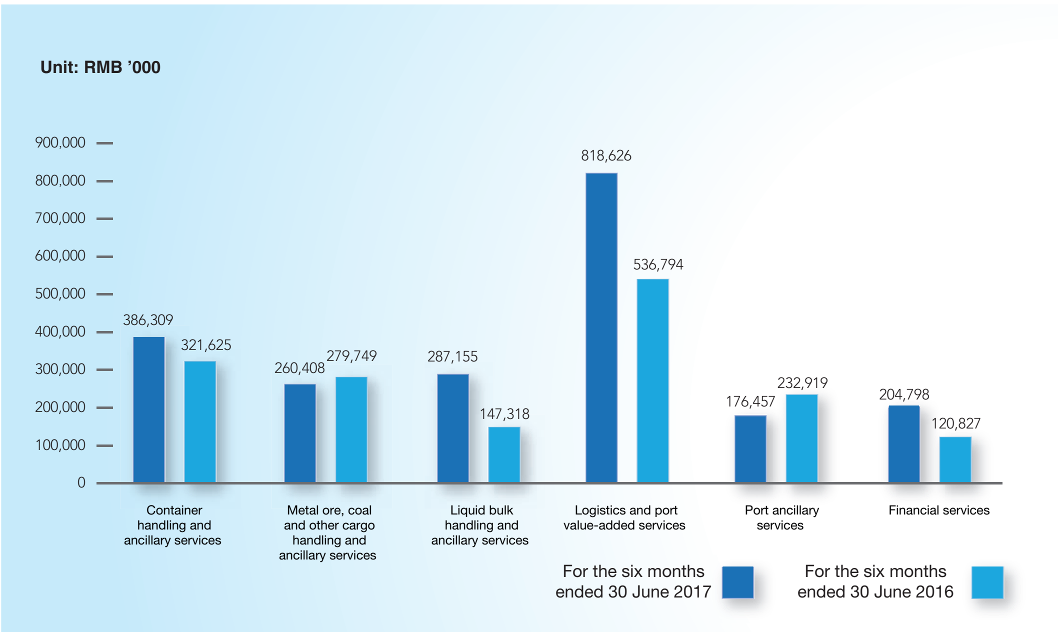
Proportion of Business Segment Results

Unit: RMB '000

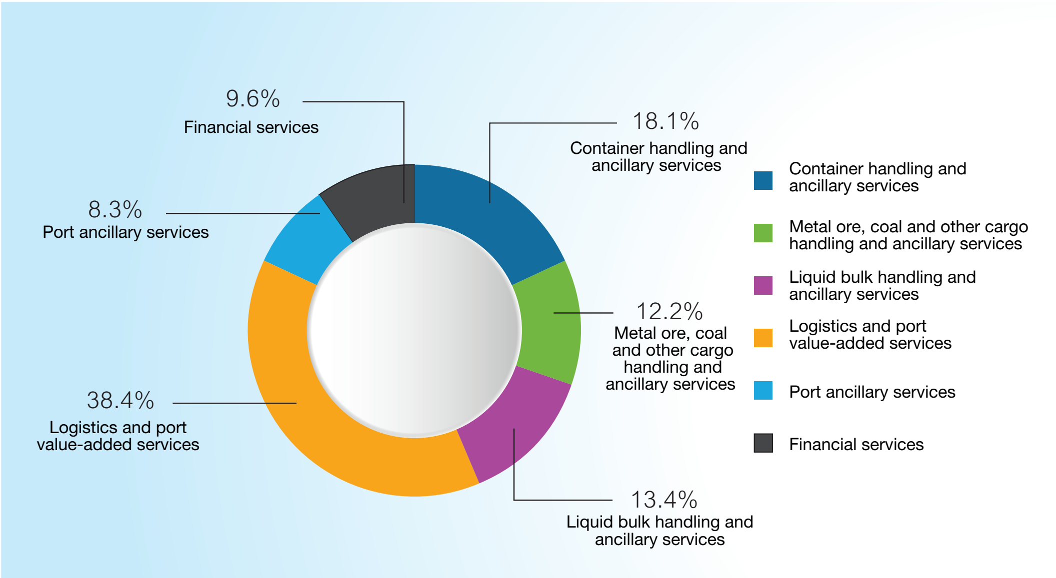
	For the six months ended 30 June				
	2017		2016		
Business Segments	**Amount**	**Proportion**	**Amount**	**Proportion**	**Change**
Container handling and ancillary services	386,309	18.1%	321,625	19.6%	20.1%
Metal ore, coal and other cargo handling and ancillary services	260,408	12.2%	279,749	17.1%	-6.9%
Liquid bulk handling and ancillary services	287,155	13.4%	147,318	9.0%	94.9%
Logistics and port value-added services	818,626	38.4%	536,794	32.7%	52.5%
Port ancillary services	176,457	8.3%	232,919	14.2%	-24.2%
Financial services	204,798	9.6%	120,827	7.4%	69.5%
Total results before inter-segment elimination	2,133,753	100.0%	1,639,232	100.0%	30.2%

Comparison of Business Segment Results

Unit:RMB'000



Breakdown of results of each business segment for the six months ended 30 June 2017



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

(1) Container handling and ancillary services

Unit: RMB'000

	For the six months ended 30 June			
Item	**2017**	**2016**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**112,040**	95,461	16,579	17.4%
Cost of sales	**35,529**	36,203	-674	-1.9%
Gross profit	**76,511**	59,258	17,253	29.1%
Profit of Consolidated Group Companies	**82,045**	58,348	23,697	40.6%
Joint Ventures				
Revenue	**1,746,494**	1,665,235	81,259	4.9%
Cost of sales	**589,095**	538,957	50,138	9.3%
Share of profit of joint ventures	**304,264**	263,277	40,987	15.6%
Segment result	**386,309**	321,625	64,684	20.1%

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

For the six months ended 30 June 2017, the container throughput of the Group amounted to 9.09 million TEUs, representing an increase of 2.6% as compared to the same period in the prior year. Focusing on the goal of constructing the "International Hub Port in Northeast Asia", the Group innovated its marketing model and developed the transshipment channel for the main routes of ports in Northern China. The main breakthroughs achieved for the six months ended 30 June 2017 were as follows:

(1) The Group further implemented the headquarters strategy for shipping companies, seized opportunities in the reorganization of shipping company alliance, opened 11 container routes and promoted development of the transshipment channel. The transit shipment volume grew by 21% as compared to the same period in the prior year, creating a world-renowned container terminal;

(2) The Group seized opportunities brought by national strategies, expanded the scope of sea-rail intermodal transportation system and expanded its presence in inland ports. The Group further increased its number of sea-rail intermodal transportation routes to 32 and achieved an increase of 48% in the container volume of the sea-rail intermodal transportation as compared to the same period in the prior year, further strengthening its influence over the hinterland market; and

(3) The fully automatic container terminal was put into trial operation in May 2017, which further enhanced the capacity and efficiency of the Company's container terminals and expanded the space for the continuous development of the container business.

For the six months ended 30 June 2017, the segment result of container handling and ancillary services was RMB386 million, representing an increase of 20.1% as compared to the same period in the prior year. Such increase was mainly due to the increase in investment profit resulting from an increase of 20% equity interests in the Company's shareholding in QQCT.

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

Unit: RMB'000

Item	For the six months ended 30 June 2017	2016	Amount Changed	Percentage Changed
	2017	**2016**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**1,575,425**	1,364,351	211,074	15.5%
Cost of sales	**1,206,616**	936,463	270,153	28.8%
Gross profit	**368,809**	427,888	-59,079	-13.8%
Profit of Consolidated Group Companies	**240,394**	272,267	-31,873	-11.7%
Joint ventures				
Revenue	**731,657**	631,627	100,030	15.8%
Cost of sales	**530,874**	471,342	59,532	12.6%
Share of profit of joint ventures	**20,014**	7,482	12,532	167.5%
Segment result	**260,408**	279,749	-19,341	-6.9%

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

For the six months ended 30 June 2017, the throughput of metal ore, coal and other cargo of the Group amounted to 93.69 million tons, representing an increase of 2.4% as compared to the same period in the prior year. Firmly occupying the dominant position in the age of large-sized vessel, the Group created a development mode to promote the concentration of cargo sources. The main breakthroughs achieved for the six months ended 30 June 2017 were as follows:

(1) The Group endeavored in establishing the largest national "Ore Supermarket" and the mix ore brand of "Qingdao Port Standard Ore" with an increase of 187% in mix ore business as compared to the same period in the prior year, becoming the largest mix ore center among the coastal ports in China;

(2) In respect of coal, the Group seized market opportunities and exerted its advantages in large yards to attract new clients. The business volume increased by 24.6% as compared to the same period of in the prior year; and

(3) Through expanding the "door-to-door" comprehensive logistics services, the Group established a "three in one" new cooperation mode of "comprehensive logistics services, trade operation and financing", and developed new clients in break bulk cargo, successfully achieving new development in respect of grain, pulp and wood.

For the six months ended 30 June 2017, the revenue of metal ore, coal and other cargo handling and ancillary services was RMB1,575 million, representing an increase of RMB211 million as compared to the same period in the prior year. Such increase was mainly due to an increased revenue of RMB225 million (while the cost also increased) which was resulted from the "door-to-door" comprehensive logistics services business of "stevedoring +transportation". The gross profit amounted to RMB369 million, representing a decrease by RMB59 million as compared to the same period in the prior year, which was mainly due to the decrease in the proportion of high-rate cargos such as chemical fertilizers and the not fully released capacity of the break bulk cargo terminals in Dongjiakou in incubation period as well as the increased depreciation and amortization costs.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

	For the six months ended 30 June			
Item	**2017**	**2016**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**230,833**	55,816	175,017	313.6%
Cost of sales	**54,963**	8,466	46,497	549.2%
Gross profit	**175,870**	47,350	128,520	271.4%
Profit of Consolidated Group Companies	**150,289**	46,305	103,984	224.6%
Joint Ventures				
Revenue	**775,922**	501,319	274,603	54.8%
Cost of sales	**378,130**	202,074	176,056	87.1%
Share of profit of joint ventures	**136,866**	101,013	35,853	35.5%
Segment result	**287,155**	147,318	139,837	94.9%

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

For the six months ended 30 June 2017, the throughput of liquid bulk of the Group amounted to 39.22 million tons, representing an increase of 16.2% as compared to the same period in the prior year. The Group seized the market opportunity of rapid increase in imported crude oil, maximized the terminal stevedoring capacity and crude oil tank storage ability, and achieved the following breakthroughs in business and operational results:

(1) The newly-established crude oil tank in Dongjiakou Port Area rapidly achieved the production target. The Group built the linkage between terminals and crude oil tanks and provided "volume and price guarantee" policy for clients, guaranteeing stevedoring through dredging, so as to release the terminal capacity. The unloading volume of imported crude oil in Dongjiakou Port Area amounted four times as much as that of the same period in the prior year; and

(2) The Group enhanced the production organization with high quality and efficient discharging and loading of large-sized vessels, and accelerated the efficiency of pipeline, railway, highway and waterway, of which the whole distribution volume increased by 13.6% as compared to the same period in the prior year.

For the six months ended 30 June 2017, the revenue of liquid bulk handling and ancillary services was RMB231 million, representing an increase of 313.6% as compared to the same period in the prior year, which was mainly due to an increased storage revenue from the newly established crude oil tank storage in Dongjiakou Port Area. The segment result was RMB287 million, representing an increase of 94.9% as compared to the same period in the prior year. Such increase was mainly due to an increase of stevedoring and storage volume for the liquid bulk, and the increase in the proportion of high-rate cargos.

(4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June 2017	2016	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**2,002,515**	1,597,728	404,787	25.3%
Cost of sales	**1,182,027**	1,017,804	164,223	16.1%
Gross profit	**820,488**	579,924	240,564	41.5%
Profit of Consolidated Group Companies	**769,268**	509,939	259,329	50.9%
Joint ventures and an associate				
Revenue	**1,089,702**	369,408	720,294	195.0%
Cost of sales	**929,925**	261,162	668,763	256.1%
Share of profit of joint ventures and an associate	**49,358**	26,855	22,503	83.8%
Segment result	**818,626**	536,794	281,832	52.5%

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

The Group leveraged the port as hub and center for the logistics chain, integrated the resources from upstream and downstream industries and developed a new mode of whole-process logistics consisting of port, CFS, agency, transport fleets and shipping. A developing mode of comprehensive whole-process logistics vendor has been preliminarily established. The main breakthroughs achieved for the six months ended 30 June 2017 were as follows:

(1) The strong alliance in CFS and storage business created synergic effect and substantially sharpened the competitiveness of the Group. The handling container volume in import and export increased by 56% as compared to the same period in the prior year, and the market share increased by 8 percentage points;

(2) Agency service reinforced whole-process marketing and brand marketing. The Group obtained agency rights of 48 shipping routes in container shipping agency business with doubled container shipping agency volume of the Consolidated Group Companies as compared to the same period in the prior year. Leveraging on the synergy of the stevedoring and freight forwarding, the volume of the freight forwarding of the Consolidated Group Companies doubled as compared to the same period in the prior year;

(3) The transportation business optimized online operation process in terminals and CFS with an increase of 41% in the container transportation volume as compared to the same period in the prior year; and

(4) While maintaining the traditional businesses' increment, the Group explored the market neighboring the port area, creating a new profit engineer.

For the six months ended 30 June 2017, the revenue from logistics and port value-added services business reached RMB2,003 million, representing an increase of 25.3% as compared to the same period in the prior year, which mainly benefited from the continuous growth of business volume. The segment results reached RMB819 million, representing an increase of 52.5% as compared to the same period in the prior year, which was mainly due to the increase in profit in CFS and storage, agency and towing business.

(5) Port ancillary services

Unit: RMB'000

	For the six months ended 30 June			
Item	**2017**	**2016**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**852,073**	998,826	-146,753	-14.7%
Cost of sales	**599,637**	743,247	-143,610	-19.3%
Gross profit	**252,436**	255,579	-3,143	-1.2%
Profit of Consolidated Group Companies	**176,457**	232,919	-56,462	-24.2%
Segment result	**176,457**	232,919	-56,462	-24.2%

For the six months ended 30 June 2017, the revenue from port ancillary services amounted to RMB852 million, representing a decrease of RMB147 million or 14.7% as compared to the same period in the prior year, mainly due to the decreases in the project construction business volume and the sales volume of construction materials; the segment results amounted to RMB176 million, representing a decrease of RMB56 million, or 24.2%, as compared to the same period in the prior year, which mainly was due to the profit from the one-off disposal of investment real estate and sales of stock real estate by the Group during the same period in the prior year amounting to RMB53 million.

(6) Financial services

Unit: RMB'000

	For the six months ended 30 June			
Item	**2017**	**2016**	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**217,927**	146,974	70,953	48.3%
Cost of sales	**39,976**	21,181	18,795	88.7%
Gross profit	**177,951**	125,793	52,158	41.5%
Profit of Consolidated Group Companies	**204,254**	120,827	83,427	69.0%
Joint ventures and an associate				
Revenue	**69,882**	—	69,882	N/A
Cost of sales	**61,824**	—	61,824	N/A
Share of profit of joint ventures and an associate	**544**	—	544	N/A
Segment result	**204,798**	120,827	83,971	69.5%

The Group deepened its financial strategy, regarded the integrative development model of "Industry Plus Finance" as the main line, vigorously innovated business model with diversified business qualifications. For the six months ended 30 June 2017, Qingdao Finance not only met the financing demand of its members but also realized gains from its funds, sped up the sale of foreign exchange business promotion and obtained entry qualifications to get access to interbank lending market and bond market, which further explanded its business scope.

For the six months ended 30 June 2017, the segment result of financial services amounted to RMB205 million, representing an increase of 69.5% compared to the same period in the prior year, which was mainly due to the enlarged deposit scale resulting in the increase of profit in interbank deposit and loan business.

3. Financial Position Analysis

Unit: RMB'000

Item	As at 30 June 2017	As at 31 December 2016	Amount Changed	Percentage Changed
Cash at bank and on hand	**12,450,045**	8,100,294	4,349,751	53.7%
Long-term receivables	**3,404,862**	3,484,534	-79,672	-2.3%
Long-term equity investments	**8,115,520**	5,139,040	2,976,480	57.9%
Fixed assets	**11,652,805**	11,684,983	-32,178	-0.3%
Construction in progress	**3,466,329**	2,172,757	1,293,572	59.5%
Other payables	**10,106,136**	9,895,856	210,280	2.1%
Bonds payable	**3,500,000**	3,500,000	—	—

As at 30 June 2017, the Group's cash at bank and on hand increased by RMB4,350 million, or 53.7% as compared to the beginning of this year, mainly due to the increase from operating activities amounting to RMB819 million, the increase from investing activities amounting to RMB808 million, the increase from financing activities amounting to RMB4,209 million, and the decrease of restricted funds such as deposits with maturity term of over three months amounting to RMB1,470 million.

As at 30 June 2017, the Group's long-term receivables decreased by RMB80 million, or 2.3%, as compared to the beginning of this year, due to the decrease in loans advanced to the joint ventures which would mature after one year.

As at 30 June 2017, the Group's long-term equity investments increased by RMB2,976 million, or 57.9%, as compared to the beginning of this year, mainly due to the increase in the investment of RMB3,199 million resulting from the acquisition of the 20% equity interests in QQCT by the Company.

As at 30 June 2017, the Group's fixed assets decreased by RMB32 million as compared to the beginning of the year, mainly due to the increase of fixed assets of RMB177 million converted from construction in progress projects reaching prescribed utilizable status including break bulk cargo berth in Dongjiakou Port Area, an increase of RMB70 million in assets purchase, such as equipment, and the provision for depreciation for an amount of RMB277 million in the reporting period.

As at 30 June 2017, the Group's construction in progress increased by RMB1,294 million, or 59.5%, as compared to the beginning of this year, mainly due to the increase of RMB1,169 million from the Dongjiakou Port-Weifang-Central and Northern Shandong Oil Pipeline Construction Project and other projects, the increase of RMB301 million from the acquisition of the equity interests in Vopak Logistics (Qingdao) Co., Ltd. and the decrease of RMB177 million transferred to fixed assets from the projects reaching prescribed utilizable status.

As at 30 June 2017, the Group's other payables increased by RMB210 million, or 2.1%, as compared to the beginning of this year, mainly due to an increase in absorbed deposits in Qingdao Finance amounting to RMB844 million, a decrease in payables of engineering equipment procurement of the Group amounting to RMB416 million, a decrease of RMB418 million in assets purchase expenses payable to QDP in respect of the reorganization and the establishment of the Company and an increase of RMB151 million in the payable equity acquisition expense.

4. Cash Flow Analysis

For the six months ended 30 June 2017, the Group's net cash inflow amounted to RMB5,820 million, among which:

(1) net cash inflow from operating activities amounted to RMB819 million, mainly derived from the operating profit of the Consolidated Group Companies;

(2) net cash inflow from investing activities amounted to RMB808 million, mainly comprising cash inflow of RMB1,701 million arising from recovering the fixed term deposit with an initial term over three months and wealth management products which became due, cash inflow of RMB515 million through the receipt of dividends from joint ventures and an associate, cash inflow of RMB223 million arising from receipt of interest of

loans and fixed term deposit with an initial term over three months, net cash outflow of RMB366 million for loans or financial lease advanced to members, and cash outflow of RMB1,172 million for purchasing and construction of fixed assets; and

(3) net cash inflow from financing activities amounted to RMB4,209 million, mainly due to cash inflow of RMB2,600 million of proceeds raised from the issue of the Domestic Shares and RMB912 million of proceeds raised from the New H Shares Placing, cash inflow of RMB301 million from discounts of traded acceptance notes before their maturity, cash inflow of RMB844 million in absorbing deposits by Qingdao Finance, cash inflow of RMB103 million from equity investment by the minority shareholders of the Consolidated Group Companies, cash outflow of RMB418 million for the assets purchase expenses paid to QDP, cash outflow of RMB228 million for paying the debt principals and interests, and cash outflow of RMB40 million for paying the dividends to the minority shareholders of the Consolidated Group Companies.

In order to facilitate the understanding of shareholders and investors, after eliminating the impact of Qingdao Finance's and the Group's purchase of wealth management products and fixed term deposits with a initial term over three months on the cash flow, the net cash inflow of the Group amounted to RMB3,804 million.

5. Liquidity and Financial Resources

As at 30 June 2017, the Group's cash at bank and on hand amounted to RMB12,450 million and wealth management products amounted to RMB810 million. After eliminating the impact of Qingdao Finance, the self-owned cash at bank and on hand and wealth management products of the Group amounted to RMB6,472 million, among which, cash amounted to RMB5,773 million. After eliminating the impact of Qingdao Finance, the Group's total interest-bearing bank borrowings amounted to RMB4,044 million, among which, debt at fixed interest rates amounted to RMB3,892 million and debt at floating interest rates amounted to RMB152 million.

As at 30 June 2017, after eliminating the impact of Qingdao Finance, the amount of the Group's cash at bank and on hand exceeded its interest-bearing debt.

6. Capital Structure

As at 30 June 2017, the total equity of the Group amounted to RMB23,315 million, representing an increase of RMB7,833 million as compared to the beginning of this year, among which, the increase of equity interest attributable to the shareholders of the Company was mainly due to the increase of RMB5,798 million from the issuance of Domestic Shares to Shanghai China Shipping Terminal Development Co., Ltd., the increase of RMB912 million from the New H Shares Placing, the increase of RMB1,550 million from the operating profit, the increase of RMB183 million from supplemental retirement benefits through actuarial gains, and the decrease of RMB788 million from the declaration of final dividend of the year 2016 by the Company. The equity interest of minority shareholders increased by RMB166 million.

As at 30 June 2017, the Company had 6,036,724,000 issued shares, of which 1,099,025,000 shares are H shares. The total market capitalization and H share market capitalization of the Company was HKD27,105 million and HKD4,935 million, respectively (calculated based on the closing price of the Company as at 30 June 2017).

7. Interest Rate and Exchange Rate Risks

As at 30 June 2017, cash at bank and on hand, receivables, payables and external bank borrowings at floating rates amounted to RMB5,259 million, RMB2,225 million, RMB7,574 million and RMB152 million, respectively. The Group assessed the interest rate risk and anticipated that interest rate risk would have no material impact on the Group.

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

The Group will continue to closely monitor interest rate and exchange rate risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rate risks for the six months ended 30 June 2017.

8. Financial Indicators

Indicators	For the six months ended 30 June 2017	2016	Change (+/-)
Return on total assets	**3.8%**	3.7%	+0.1 percentage point
Return on equity	**8.5%**	9.0%	-0.5 percentage point
Current ratio	**1.25**	1.12	+0.13
Quick ratio	**1.22**	1.08	+0.14
Account receivables turnover	**3.43**	3.25	+0.18
Account receivables turnover days	**53 days**	56 days	-3 days

For six months ended 30 June 2017, return rate on total assets of the Group was 3.8%, representing an increase of 0.1 percentage point as compared to the same period in the prior year, and return rate on equity of the Group was 8.5%, representing a decrease of 0.5 percentage point over same period of last year, mainly due to no corresponding returns from absorbing the new shareholder's capital investment. If the net assets eliminated the equity investment funds absorbed during the reporting period while the net profit eliminated the increased gains in investment due to the change in shareholding in QQCT, the return on equity would be 10%, which would be 1 percentage point higher than that for the same period in the prior year. The account receivables turnover ratio of the Group was 3.43, representing an increase of 0.18 as compared to the same period in the prior year, and the account receivables turnover days was 53 days, representing a decrease of 3 days as compared to the same period in the prior year.

Summarized Financial Information of Joint Ventures

Set out below is the summarized financial information of joint ventures which is accounted through equity method, and are material to the Group in the view of the Directors.

Unit: RMB'000

	QQCT For the six months ended 30 June		Qingdao Shihua For the six months ended 30 June	
	2017	**2016**	**2017**	**2016**
Revenue	**1,670,616**	1,596,121	**767,636**	499,956
Cost of sales	**(549,124)**	(500,731)	**(369,322)**	(201,149)
Profit before income tax	**1,104,823**	1,088,747	**370,982**	273,002
Income tax expenses	**(275,501)**	(258,888)	**(93,615)**	(68,335)
Net profit for the period	**829,323**	829,860	**277,367**	204,667
Attributable to non-controlling interests	**7,582**	(8,888)	**—**	—
Net profit attributable to the shareholders of joint ventures	**821,741**	820,972	**277,367**	204,667
Other distribution	**(1,215)**	(957)	**—**	—
Shareholding percentage in joint ventures held by the Group	**31%/51%**	31%	**50%**	50%
Share of profit by the Group before elimination	**293,888**	254,205	**138,683**	102,333
Unrealised profit	**—**	—	**(998)**	(1,010)
Share of profit by the Group accounted for using the equity method	**293,888**	254,205	**137,685**	101,323

Note: The Group's shareholding percentage in QQCT was 31% on or before 21 May 2017, and is 51% after 22 May 2017.

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

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

Unit: RMB'000

Consolidated balance sheet	30 June 2017	31 December 2016
Cash at bank and on hand	**6,017,509**	4,623,578
Interests receivable	**36,955**	23,852
Other receivables	**510,637**	239,398
Other current assets	**700,000**	800,000
Current portion of non-current assets	**490,439**	264,586
Long-term receivables	**1,440,181**	1,568,400
Other payables	**7,809,676**	6,981,474
Interests payable	**47,211**	30,626
General risk reserve	**134,122**	134,122

Unit: RMB'000

Consolidated income statement	For the six months ended 30 June	
	2017	**2016**
Finance expenses — interest income	**205,786**	137,237
Finance expenses — interest expenses	**(39,511)**	(20,759)

III. SIGNIFICANT CAPITAL INVESTMENT

For the six months ended 30 June 2017, the Group had significant capital investments of RMB1,252 million, mainly consisting of the investments in projects including Dongjiakou Port-Weifang-Central and Northern Shandong Oil Pipeline Construction (Phase I) Project and the equipment investments. As at 30 June 2017, the above-mentioned project has not been put into operation.

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

During the six months ended 30 June 2017, the Company acquired the 20% equity interests in QQCT from Shanghai China Shipping Terminal Development Co., Ltd., a wholly-owned subsidiary of COSCO SHIPPING Ports Limited. Please refer to the announcements of the Company dated 20 January 2017 and 22 May 2017 for detailed information.

V. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2017, none of the Group's assets was mortgaged or pledged.

VI. CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any significant contingent liabilities.

VII. EMPLOYEES

As at 30 June 2017, the Company had 6,167 employees while its subsidiaries and principal joint ventures had 5,666 employees. The Group implements a "two match" principle to match the growth of employees' income with the growth of the Company's results and match the increase in labor remuneration with the increase in production rate. The Company links the remunerations of employees with the results of the Company, and the employees' remunerations or its units are adjusted annually in accordance with working performance of the employees, human resources market condition and the economic environment. We implement a basic salary and a performance-based salary system for our senior management of the Company. In addition, to actively establish a learning enterprise and cultivate employees with active learning, the Company offers internal trainings on safety and security, business operations and technical skills to the employees for their improvement of skills related to their positions.

VIII.DESCRIPTION OF OTHER MATTERS

Dagang Port Area is planned to be transformed and upgraded into an international home port for cruise liners, therefore, the operations at Dagang Port Area will gradually be relocated to Dongjiakou Port Area and Qianwan Port Area. As at 30 June 2017, the construction of international home port for cruise liners has no effect on the operation of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2017, the Group did not receive any relocation plan or related notice, and not obtain any information that surrounding clients and businesses were relocated to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area has not been affected.

IX. SUBSEQUENT EVENTS

After 30 June 2017, the Company entered into an equity transfer agreement with Qingdao Port Financial Holdings Limited, pursuant to which, the Company disposed the 100% equity interests in Qingdao Port Assets Management Co., Ltd. to Qingdao Port Financial Holdings Limited at the consideration of RMB177,088,323.85. Please refer to the announcement of the Company dated 18 July 2017 for detailed information.

X. OUTLOOK FOR THE SECOND HALF OF 2017

In the second half of 2017, with an anticipative improving development of real economy and expanding internal and external demand, the Company will actively seize the opportunity to lead the innovation, expand the market space, extend the whole-process logistics, deepen the integration of industry and finance and promote the increase in both scale and efficiency to maintain a healthy and sustainable development. As such, the Group will put emphasis on the following seven aspects:

1. To expand the market space for stevedoring as our core business

The Group will track the trends, formulate precise strategies oriented on the short board and innovate the market. In respect of the container business, focusing on the routes and transit shipment, the Group will strengthen the headquarter marketing for shipping companies, attract shipping alliance to add new routes, establish the transit channel for the main routes of the ports in Northern China, maintain the position as the international hub port in Northeast Asia and keep a steady growth. As for the dry and break bulk cargo, the Group will expand and strengthen the ore mixing business, construct distribution base, expand the container transportation volume of grain and break bulk cargo, improve short-board cargo types including coke and wood and accelerate the commence of operation of the grain and oil and other port-neighboring industries in Dongjiakou Port Area, so as to achieve new growth in quantity and efficiency. In respect of the liquid bulk business, the Group will release the production capacity of the Dongjiakou Port-Weifang-Central and Northern Shandong Oil Pipeline Construction (Phase I) Project and the auxiliary tank area in Weifang, and strengthen the resources linkage between Huangdao and Dongjiakou Port Area, thereby reducing the cost of integrated logistics for customers and expanding Shandong refineries' market share.

2. To enhance the quality and energy level of the whole logistics

The Group will optimize the "door to door" one-stop whole-process logistics program to promote the business model of "a single package to the end", strengthen the competitive advantages and accelerate innovation and development. The Group will promote the operation of inland ports such as Xi'an and Urumqi and regional marketing centers inside the province, strengthen the functional allocation of resources such as port shipping lines and fleets and spare no effort to expand the inland market. Through strengthening sea-rail intermodal transportation route incremental research, promoting the normalization of regular trains inside the province and stabilizing the cargo resources outside the province and across the border, the Group will strive to keep the first place of the container volume under sea-rail intermodal transportation nationwide. The Group will also implement customized services including CFS, freight logistics, whole-process agency and bonded warehousing, construct service brand in the Port of Qingdao and expand the scale of business.

3. To promote the steady growth of the financial sector

The Group will firmly manage the financial risks, deepen the integration of industry and finance, allocate financial services along the port upstream and downstream industries that the Group are familiar with and with controllable cargo rights and risks, expand fund management, credit and other traditional business, promote "bank-port connection" business and extend the industry financial market investment, foreign currency funds management and other new business to strengthen the port financial ecology.

4. To facilitate the international development of the port layout

The Group will steadily promote the management and capital output and speed up the implementation of key projects. The Group will stabilize the operation and management of the 300,000-ton crude oil terminal in Myanmar Mude Island to create the Qingdao port management brand with demonstrative effect. By deepening the multi-field cooperation with strategic partners, the Group will steadily promote the joint venture operation of the Vado Ligure Port in Italy and accelerate the new projects' implementation in overseas port terminal new projects to expand the international development space.

5. To continuously strengthen the momentum of transformation and development

The Group will speed up the construction of intelligent ports through the stable operation of automatic container terminals and the continuous optimization of key technologies so as to create a replicable and promotable Qingdao model in the world automatic container terminal construction operations. The Group will also accelerate the operation of e-commence logistics business, promote the online transformation of port offline business, upgrade dry and break bulk cargo production system, promote the unmanned and intelligent warehouse management of container tallying and square, and enhance the port transformation of the development of new kinetic energy.

6. To speed up the release of terminal facilities capacity

The Group will vigorously promote the construction of key projects and enhance the port development potential. The Dongjiakou Port-Weifang-Central and Northern Shandong Oil Pipeline (Phase II) Project and the construction of ancillary oil tank in Guangrao Tank Area will be accelerated. The construction of Dongjiakou untwining-port railway will be sped up, aiming at achieving the simultaneous completion together with Qinglian railway in 2018, which will open up the distribution channels both above ground and under ground, attract cargo resources to gather together and release the terminal capacity of the Dongjiakou port.

7. **To comprehensively promote the enhancement of corporate management**

In order to improve the governance system fully in line with the listing rules of "A+H" share, strengthen the cost and overall budget management based on the analysis of key performance indicators, improve the multi-level and all-rounded risk prevention and control mechanism, and innovate to strengthen the construction of a green low-carbon port, the Group will deepen the reform of human resources, optimize staff allocation, innovate the system mechanism, continue the implementation of staff training, tap the potential and stimulate vitality to a strong and reliable human resources guarantee for the healthy and sustainable development of the port.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2017.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code of Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors and supervisors of the Company. Specific enquiry has been made to all the Directors and supervisors of the Company and each of the Directors and supervisors of the Company has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2017.

REVIEW OF UNAUDITED INTERIM RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES BY THE GROUP

No purchase, sale and redemption of any listed securities of the Company was made by the Company or any of its subsidiaries for the six months ended 30 June 2017.

USE OF PROCEEDS

The net proceeds from the Global Offering were approximately RMB2,198 million. Considering the actual business development and operation of the Group, the Company has changed the investment projects which the remaining net proceeds were originally proposed to fund. Please refer to the announcement of the Company dated 28 December 2016 for detailed information. As at 30 June 2017, RMB1,514 million had been utilized towards the investment projects and RMB270 million had been used to supplement our general working capital as disclosed in the Prospectus and the announcement of the Company dated 28 December 2016. The Company used the net proceeds in the way exactly as disclosed in the Prospectus and the announcement dated 28 December 2016.

The net proceeds from the New H Shares Placing of the Company were approximately RMB912 million, which will be used in the way as disclosed in the announcement of the Company dated 20 January 2017. As at 30 June 2017, no proceeds had been utilized towards the investment projects.

The net proceeds from the Company's issuance of Domestic Shares to Shanghai China Shipping Terminal Development Co., Ltd. were approximately RMB2,600 million. As at 30 June 2017, RMB501 million had been utilized towards the investment projects and utilized in the way exactly as disclosed in the announcement of the Company dated 20 January 2017.

DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2017.

PUBLICATION OF INTERIM REPORT

The Company's interim report for the six months ended 30 June 2017 of the Company will be published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com), and dispatched to shareholders of the Company in due course.

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

Qingdao, the PRC, 25 August 2017

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

Definitions

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

"Board"	the board of directors of the Company
"CFS"	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
"Company"	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
"Consolidated Group Companies"	the Companies (including their branches) and their subsidiaries which are consolidated into in the consolidated financial statements of the Company
"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
"Director"	the director(s) of the Company
"Domestic Shares"	the ordinary domestic share(s) of the Company with a nominal value of RMB1.00 each in the share capital of the Company
"Global Offering"	the offer for subscription of the Company's H shares in 2014
"Group", "we", or "us"	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and an associate of the Company

"Haiwan Liquid Chemical"	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"New H Shares Placing"	the issue of the 243,000,000 new H shares of the Company by way of placing pursuant to the specific mandate granted by the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and 2017 first H shareholders' class meeting of the Company dated 10 March 2017
"Prospectus"	the listing document of the Company in relation to the Global Offering dated 26 May 2014
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
"QDOT"	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
"QDP"	Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司), the controlling shareholder of the Company

"Qingdao Finance"	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its member companies
"Qingdao Shihua"	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
"Qingwei Container"	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing container handling and ancillary services
"QQCT"	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests, which is mainly engaged in the business of providing container handling and ancillary services
"TEU"	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, a height of eight feet and six inches and a width of eight feet
"West United"	Qingdao Qianwan West Port United Terminal Co., Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services