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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2017:

- Revenue was RMB10,146 million, representing an increase of 16.8% as compared to the same period in the prior year; revenue of business segments derived from external customers, including interest income of Qingdao Finance, was RMB10,547 million, representing an increase of 17.3% as compared to the same period in the prior year;
- Net profit attributable to shareholders of the Company was RMB3,043 million, representing an increase of 39.2% as compared to the same period in the prior year; and
- Earnings per share was RMB0.55.

The Board is pleased to announce the consolidated results of the Company and its subsidiaries for the year ended 31 December 2017. The annual results have been reviewed by the Audit Committee of the Board.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

	<i>Note</i>	31 December 2017	31 December 2016
ASSETS			
Current assets			
Cash at bank and on hand		11,705,176,363	8,100,294,431
Notes receivable		591,810,980	665,419,919
Accounts receivable	5	1,873,364,887	1,307,610,944
Advances to suppliers		79,591,581	59,043,938
Interest receivable		34,368,536	27,600,404
Dividends receivable		—	100,000,000
Other receivables		1,029,725,553	861,340,269
Inventories		525,393,278	482,195,054
Current portion of non-current assets		330,646,872	313,729,688
Other current assets		<u>1,036,159,101</u>	<u>1,197,414,942</u>
Total current assets		<u>17,206,237,151</u>	<u>13,114,649,589</u>
Non-current assets			
Available-for-sale financial assets		183,565,665	92,207,877
Long-term receivables		4,395,674,475	3,484,533,992
Long-term equity investments		8,538,241,729	5,139,039,800
Investment properties		193,296,445	117,843,468
Fixed assets		13,034,655,703	11,684,982,980
Construction in progress		2,163,986,568	2,172,757,318
Construction materials		—	166,211,455
Intangible assets		922,024,156	931,416,765
Goodwill		20,686,493	18,836,008
Long-term prepaid expenses		24,247,437	14,874,061
Deferred tax assets		896,767,023	872,096,260
Other non-current assets		<u>474,269,567</u>	<u>473,124,633</u>
Total non-current assets		<u>30,847,415,261</u>	<u>25,167,924,617</u>
TOTAL ASSETS		<u><u>48,053,652,412</u></u>	<u><u>38,282,574,206</u></u>

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017 (Cont'd)

(All amounts in RMB Yuan unless otherwise stated)

	<i>Note</i>	31 December 2017	31 December 2016
LIABILITIES AND			
SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings		56,685,445	262,947,290
Notes payable		882,183,561	817,619,173
Accounts payable	6	1,517,605,961	1,125,837,022
Advances from customers		338,116,515	334,125,905
Employee benefits payable		224,390,581	227,056,983
Taxes payable		206,127,308	153,220,569
Interest payable		99,576,003	99,129,006
Other payables		9,777,438,463	9,895,856,196
Current portion of non-current liabilities		<u>38,185,563</u>	<u>24,137,717</u>
Total current liabilities		<u>13,140,309,400</u>	<u>12,939,929,861</u>
Non-current liabilities			
Long-term borrowings		188,172,988	137,390,687
Bonds payable	7	3,500,000,000	3,500,000,000
Long-term payables		581,670,617	58,101,909
Provisions		2,024,113	2,283,097
Deferred income		139,299,471	145,259,921
Long-term employee benefits payable		2,357,290,000	2,731,450,000
Other non-current liabilities		<u>3,082,229,433</u>	<u>3,285,600,108</u>
Total non-current liabilities		<u>9,850,686,622</u>	<u>9,860,085,722</u>
Total liabilities		<u>22,990,996,022</u>	<u>22,800,015,583</u>
Shareholders' equity			
Share capital		6,036,724,000	4,778,204,000
Capital surplus		10,770,800,519	5,321,635,366
Other comprehensive income		283,865,500	(63,024,800)
Specific reserve		11,946,732	2,991,631
Surplus reserve		673,990,310	429,859,457
General reserve		226,359,871	134,121,910
Undistributed profits		<u>5,550,975,839</u>	<u>3,631,936,223</u>
Total equity attributable to shareholders of the Company		<u>23,554,662,771</u>	<u>14,235,723,787</u>
Minority interests		<u>1,507,993,619</u>	<u>1,246,834,836</u>
Total shareholders' equity		<u>25,062,656,390</u>	<u>15,482,558,623</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>48,053,652,412</u>	<u>38,282,574,206</u>

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2017	2016
Revenue	9,14	10,146,225,042	8,684,189,666
Less: Cost of sales	9,14	(6,816,103,303)	(6,052,764,155)
Taxes and surcharges	10	(106,069,942)	(110,422,195)
Selling and distribution expenses		(16,114,135)	(16,514,031)
General and administrative expenses		(506,090,557)	(634,600,395)
Financial expenses		149,030,898	124,994,591
Asset impairment losses		(139,282,045)	(45,159,962)
Add: Investment income		1,171,489,447	803,944,446
Including: Share of profit of associates and joint ventures		1,116,550,382	793,115,582
Gains on disposal of assets	11	29,758,720	9,175,119
Other income		<u>48,074,607</u>	<u>—</u>
Operating profit		3,960,918,732	2,762,843,084
Add: Non-operating income		31,188,570	103,097,167
Less: Non-operating expenses		<u>(1,317,482)</u>	<u>(1,325,988)</u>
Total profit		3,990,789,820	2,864,614,263
Less: Income tax expenses	12	<u>(750,427,234)</u>	<u>(565,522,067)</u>
Net profit		<u><u>3,240,362,586</u></u>	<u><u>2,299,092,196</u></u>
Including: Net profit of the acquired entity in a business combination involving enterprises under common control before the combination date			
		—	862,154
Classified by continuity of operations			
Net profit from continuing operations		3,240,362,586	2,299,092,196
Net profit from discontinued operations		—	—

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

(All amounts in RMB Yuan unless otherwise stated)

Item	<i>Note</i>	2017	2016
Classified by ownership of the equity			
Attributable to shareholders of the Company		3,042,959,443	2,186,153,537
Attributable to minority interests		197,403,143	112,938,659
Other comprehensive income, net of tax		347,410,000	238,570,000
Attributable to shareholders of the Company			
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		346,890,300	238,134,800
Attributable to minority interests		<u>519,700</u>	<u>435,200</u>
Total comprehensive income		<u><u>3,587,772,586</u></u>	<u><u>2,537,662,196</u></u>
Attributable to shareholders of the Company		3,389,849,743	2,424,288,337
Attributable to minority interests		197,922,843	113,373,859
Earnings per share	13		
Basic earnings per share		0.55	0.46
Diluted earnings per share		0.55	0.46

Notes:

1 General information

Qingdao Port International Co., Ltd. is a stock limited company incorporated in Qingdao City of Shandong Province of the People's Republic of China ("the PRC") on 15 November 2013 (the Company's "Date of Incorporation") by Qingdao Port (Group) Co., Ltd. ("Qingdao Port Group") ("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 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 a placing of 243,000,000 H-shares on 18 May 2017 at the placing price of HKD 4.32 per H Share (equivalent to RMB 3.81). The share capital of the Company increased to 5,021,204,000 shares as a result of the issuance.

The Company has issued 1,015,520,000 domestic shares to Shanghai China Shipping Terminal ("Shanghai China Shipping Terminal") on 22 May 2017 at the subscription price of RMB 5.71 per share and the total subscription amounted to RMB 5,798,619,200. Shanghai China Shipping Terminal paid in cash of RMB 2,599,968,360 and 20% of its equity interests of QQCT evaluating as RMB 3,198,650,840. After the completion of the private placement of Domestic shares, the registered capital of the Company increased to 6,036,724,000 shares.

As at 31 December 2017, the total share capital of the Company was 6,036,724,000 shares with par value at RMB1.00, 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 31 December 2017, Qingdao Port Group held 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” or “CAS”).

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 contributed to the Company by Qingdao Port Group are recognised in the Company’s balance sheet based on the appraisal values approved by the competent state-owned assets management authorities.

3 *Significant changes in accounting policies*

In 2017, the Ministry of Finance released the *Accounting Standard for Business Enterprises No. 42—Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations*, revised *Accounting Standard for Business Enterprises No. 16—Government Grants* and the *Circular on Amendment to Formats of Financial Statements of General Industry* and its interpretation (Cai Kuai [2017] No. 30). The financial statements are prepared in accordance with the above standards and circular, and impacts are as follows:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected
The Group recorded the government grants incurred in 2017, which were related to daily activities, in other income. The comparatives in 2016 were not restated.	Not applicable	Not applicable
		2016
The Group recorded the gains or losses on disposals of fixed assets and intangible assets, occurred in 2017, in gains on disposals of assets. The comparatives in 2016 were restated accordingly.	Gains on disposals of assets	9,175,119
	Non-operating income	(14,887,850)
	Non-operating expenses	5,712,731

4 *Significant changes in accounting estimates*

The Group, based on current market conditions and management's practise, referring to the information from the same industry on a comparable basis, has changed the accounting estimates on provision for bad debts of receivables since 1 December 2017, including the classification of groups and bad debt ratio for receivables by groups, which has been approved in the resolution of the eleventh conference of the second Board of Directors on 2 March 2018. The changes in accounting estimates result in a decrease of approximately RMB178 million in the total consolidated profit and approximately RMB133 million in the consolidated net profit of the Group for the year ended 31 December 2017, respectively. Please refer to the announcement of the Company dated 2 March 2018 for detail information.

Except for the changes of accounting estimates on provision for bad debts of receivables, judgments and assumptions that the Group has made in accounting estimates are consistent with the judgments and assumptions of the accounting estimates made in the preparation of the financial statements for the year ended 31 December 2016.

5. Accounts receivable

	31 December 2017	31 December 2016
Accounts receivable	1,992,932,936	1,394,218,334
Less: Provision for bad debts	<u>(119,568,049)</u>	<u>(86,607,390)</u>
	<u>1,873,364,887</u>	<u>1,307,610,944</u>

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

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

	31 December 2017			31 December 2016		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	1,867,543,937	93.71%	(93,377,196)	1,341,049,190	96.18%	(63,670,000)
1 to 2 years	100,093,827	5.02%	(10,009,383)	26,373,584	1.89%	(3,741,964)
2 to 3 years	9,318,960	0.47%	(3,720,258)	17,645,193	1.27%	(10,133,713)
3 to 4 years	7,030,000	0.35%	(3,515,000)	—	—	—
4 to 5 years	—	—	—	526,655	0.04%	(438,000)
Over 5 years	<u>8,946,212</u>	<u>0.45%</u>	<u>(8,946,212)</u>	<u>8,623,712</u>	<u>0.62%</u>	<u>(8,623,713)</u>
	<u>1,992,932,936</u>	<u>100.00%</u>	<u>(119,568,049)</u>	<u>1,394,218,334</u>	<u>100.00%</u>	<u>(86,607,390)</u>

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 the ageing represented based on the dates of invoice.

6. Accounts payable

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

	31 December 2017	31 December 2016
Within 3 months	816,189,426	469,177,439
3 to 6 months	172,159,414	296,884,626
Over 6 months	<u>529,257,121</u>	<u>359,774,957</u>
	<u>1,517,605,961</u>	<u>1,125,837,022</u>

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 the ageing represented based on the dates of invoice.

7. Bonds payable

	31 December 2016	Issued in current year	31 December 2017
Corporate bonds payable	<u>3,500,000,000</u>	<u>—</u>	<u>3,500,000,000</u>

Under Zheng Jian Xu Ke [2016] No. 153 approved by China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds of RMB 1.5 billion and the second tranche of corporate bonds of RMB 2 billion on 16 March 2016 and 6 June 2016 respectively with the term of five 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.

8. Dividends

Pursuant to the annual general meeting dated 28 June 2017, the Company distributed a dividend of RMB 787,551,013 to the shareholders of the Company for 2016 at RMB 130.46 per thousand shares (tax included). The aforesaid dividends were paid fully to the shareholders in August 2017.

As the Company is actively pushing ahead the progress of initial public offering and listing of A shares, which is under review phase, the distribution of final dividend for the year 2017 may include holders of A shares upon the listing of A shares. Accordingly, the Board shall make announcement with respect to the detailed proposed dividend for the year ended 31 December 2017 as appropriate in due course (but no later than 18 May 2018), subject to the approval by the shareholders at the forthcoming 2017 annual general meeting.

9. Revenue and cost of sales

	2017	2016
Revenues from main operations	9,131,214,240	7,753,246,540
Revenues from other operations	<u>1,015,010,802</u>	<u>930,943,126</u>
	<u>10,146,225,042</u>	<u>8,684,189,666</u>
	2017	2016
Cost of main operations	(6,208,034,253)	(5,513,491,350)
Cost of other operations	<u>(608,069,050)</u>	<u>(539,272,805)</u>
	<u>(6,816,103,303)</u>	<u>(6,052,764,155)</u>

10. Taxes and surcharges

	2017	2016
Land use tax	45,698,524	34,819,063
City maintenance and construction tax	18,392,673	18,755,598
Educational surcharge	13,191,383	13,422,180
Business tax (i)	10,360,427	27,943,788
Stamp tax	9,717,880	4,137,161
Real estate tax	5,825,671	4,591,137
Others	<u>2,883,384</u>	<u>6,753,268</u>
	<u>106,069,942</u>	<u>110,422,195</u>

- (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.

11. Gains on disposal of assets

	2017	2016
Gains on disposals of fixed assets	32,919,663	9,175,119
Losses on disposals of intangible assets	<u>(3,160,943)</u>	<u>—</u>
	<u>29,758,720</u>	<u>9,175,119</u>

12. Income tax expenses

	2017	2016
Current income tax calculated based on tax law and related regulations	775,097,997	580,328,550
Deferred income tax	<u>(24,670,763)</u>	<u>(14,806,483)</u>
	<u>750,427,234</u>	<u>565,522,067</u>

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:

	2017	2016
Total profit	<u>3,990,789,820</u>	<u>2,864,614,263</u>
Income tax expenses calculated at applicable tax rates	997,697,455	716,153,566
Affected by preferential tax	(1,797,762)	(368,027)
Investment income not subject to tax	(279,137,596)	(198,278,896)
Extra-deducted salary for disabled employees	(1,732,136)	(2,140,332)
Costs, expenses and losses not deductible for tax purposes	25,411,235	47,634,955
Deductible losses that are not recognised as deferred tax assets	<u>9,986,038</u>	<u>2,520,801</u>
Income tax expenses	<u><u>750,427,234</u></u>	<u><u>565,522,067</u></u>

13. 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:

	2017	2016
Consolidated net profit attributable to ordinary shareholders of the Company	3,042,959,443	2,186,153,537
Weighted average number of ordinary shares outstanding	<u>5,539,616,800</u>	<u>4,778,204,000</u>
Basic earnings per share	<u><u>0.55</u></u>	<u><u>0.46</u></u>
Including:		
- Basic earnings per share from continued operations:	0.55	0.46
- Basic earnings per share from discontinued operations	Not applicable	Not applicable

(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 year ended 31 December 2017 (31 December 2016: Nil), diluted earnings per share equal to basic earnings per share.

14 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 supporting services: loading and discharging of containers, storage and port management.
- Metal ores, coal and other cargo handling and supporting services: loading and discharging of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management.
- Liquid bulk handling and supporting 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: manufacturing of port related equipment, provision of facilities construction services, supplying electricity power, fuel and others.
- Financial services: provision of financial products and services including provision of deposit taking activities, corporate loans, financial leasing, guarantee, agency insurance and others.

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

(a) Segment information for the year ended 31 December 2017 and as at 31 December 2017 is listed as follows:

	Container handling and supporting services	Metal ores, coal and other cargo handling and supporting services	Liquid bulk handling and supporting services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	234,824,683	3,045,091,693	551,692,265	4,155,865,756	2,138,274,636	421,285,476	—	—	10,547,034,509
Inter-segment revenue	—	118,358,641	—	217,715,422	686,709,385	58,913,415	—	(1,081,696,863)	—
Cost of sales	(69,523,369)	(2,380,031,445)	(152,527,397)	(2,627,558,791)	(1,584,744,544)	(84,784,949)	—	—	(6,899,170,495)
Interest income	—	3,174,544	1,922,547	12,858,275	3,004,756	189,740	196,909,275	(109,573,492)	108,485,645
Interest expenses	—	(40,980,544)	(63,891,068)	(5,660,253)	(13,824,168)	—	(113,553,283)	104,494,291	(133,415,025)
Investment income from associates and joint ventures	728,343,956	24,106,964	266,948,781	96,534,473	—	616,208	—	—	1,116,550,382
Provision for asset impairment losses	(233,080)	13,608,654	(1,826,879)	(5,502,321)	(61,365,524)	(34,087,895)	(49,875,000)	—	(139,282,045)
Depreciation and amortisation	(8,546,934)	(269,337,842)	(93,350,902)	(99,817,256)	(166,686,348)	(2,102,525)	(11,996,892)	—	(651,838,699)
Total profit	892,037,379	442,807,253	596,567,189	1,513,356,405	384,033,134	366,053,862	(158,568,107)	(45,497,295)	3,990,789,820
Income tax expenses	—	(3,594,130)	(41,010,350)	(291,349,710)	(34,151,289)	(90,226,822)	(290,859,791)	764,858	(750,427,234)
Net profit	892,037,379	439,213,123	555,556,839	1,222,006,695	349,881,845	275,827,040	(449,427,898)	(44,732,437)	3,240,362,586
Total assets	5,916,835,538	9,084,807,012	7,108,467,912	3,947,755,989	5,839,274,450	15,802,179,096	10,363,378,202	(10,009,045,787)	48,053,652,412
Total liabilities	57,410,000	3,415,927,723	3,689,138,679	1,319,071,962	6,654,199,423	14,244,348,801	3,842,764,708	(10,231,865,274)	22,990,996,022
Non-cash expenses other than depreciation and amortisation	—	41,030,000	2,040,000	5,770,000	29,830,000	—	—	—	78,670,000
Long-term equity investments in associates and joint ventures	5,466,698,805	1,177,306,963	1,481,248,210	322,371,543	—	90,616,208	—	—	8,538,241,729
Increase in non-current assets (i)	24,007,320	337,308,380	1,593,803,327	226,636,470	45,111,250	(39,440,000)	40,359,958	(18,163,598)	2,209,623,107

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

(b) Segment information for the year ended 31 December 2016 and as at 31 December 2016 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and supporting services	Liquid bulk handling and supporting services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	192,631,867	2,838,490,967	127,832,701	3,385,348,533	2,119,961,543	326,347,137	—	—	8,990,612,748
Inter-segment revenue	—	78,957,798	—	162,644,900	727,314,268	27,891,239	—	(996,808,205)	—
Cost of sales	(65,817,305)	(2,158,171,925)	(29,613,781)	(2,178,748,756)	(1,619,547,464)	(54,203,520)	—	—	(6,106,102,751)
Interest income	—	2,689,352	659,783	10,577,703	2,966,218	265,548	120,239,486	(74,813,027)	62,585,063
Interest expenses	—	(18,020,157)	(4,158,695)	(3,327,216)	(4,283,808)	—	(95,325,680)	20,284,705	(104,830,851)
Investment income from associates and joint ventures	508,562,834	20,070,775	198,334,059	66,147,914	—	—	—	—	793,115,582
Provision for asset impairment losses	—	(26,009,224)	—	(651,442)	(7,540,726)	(10,958,570)	—	—	(45,159,962)
Depreciation and amortisation	(11,706,355)	(243,320,039)	(22,602,077)	(83,749,120)	(166,028,860)	(2,096,182)	(8,970,860)	—	(538,473,493)
Total profit	626,914,127	365,279,803	287,486,752	1,149,686,057	328,250,299	268,995,257	(107,113,115)	(54,884,917)	2,864,614,263
Income tax expenses	—	(4,034,541)	(128,231)	(206,675,010)	(49,232,449)	(63,668,627)	(251,630,993)	9,847,784	(565,522,067)
Net profit	626,914,127	361,245,262	287,358,521	943,011,047	279,017,850	205,326,630	(358,744,108)	(45,037,133)	2,299,092,196
Total assets	2,655,798,140	9,007,589,448	5,683,007,892	3,783,253,375	5,268,388,794	11,740,323,910	5,974,601,883	(5,830,389,236)	38,282,574,206
Total liabilities	65,930,000	3,372,943,094	2,857,693,074	1,227,202,045	6,865,117,764	10,695,724,344	4,516,521,673	(6,801,116,411)	22,800,015,583
Non-cash expenses other than depreciation and amortisation	—	50,030,000	50,000	1,350,000	26,740,000	20,000	—	—	78,190,000
Long-term equity investments in associates and joint ventures	2,086,528,844	970,862,239	1,590,261,514	401,387,203	—	90,000,000	—	—	5,139,039,800
Increase in non-current assets (i)	—	815,390,397	1,946,510,807	118,910,462	34,563,207	40,348,511	7,118,058	(47,371,558)	2,915,469,884

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

- (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:

	2017	2016
<i>Revenue -</i>		
Reportable segment revenue from external customers	10,547,034,509	8,990,612,748
Reclassification of interest income of Qingdao Finance (i)	<u>(400,809,467)</u>	<u>(306,423,082)</u>
Consolidated revenue (Note 9)	<u>10,146,225,042</u>	<u>8,684,189,666</u>
<i>Interest income -</i>		
Reportable segment interest income	108,485,645	62,585,063
Reclassification of interest income of Qingdao Finance (i)	<u>400,809,467</u>	<u>306,423,082</u>
Consolidated interest income	<u>509,295,112</u>	<u>369,008,145</u>
<i>Cost of sales -</i>		
Reportable segment cost of sales	6,899,170,495	6,106,102,751
Reclassification of interest expenses of Qingdao Finance (ii)	<u>(83,067,192)</u>	<u>(53,338,596)</u>
Consolidated cost of sales (Note 9)	<u>6,816,103,303</u>	<u>6,052,764,155</u>
<i>Interest expense -</i>		
Reportable segment interest expenses	133,415,025	104,830,851
Reclassification of interest expenses of Qingdao Finance (ii)	<u>83,067,192</u>	<u>53,338,596</u>
Consolidated interest expenses	<u>216,482,217</u>	<u>158,169,447</u>

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

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

AUDITOR’S WORKS ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the relevant notes thereto for the year ended 31 December 2017 as set out in the preliminary results announcement have been agreed by the Company’s auditor, PricewaterhouseCoopers Zhong Tian LLP, to the figures set out in the audited consolidated financial statements of the Group for the year ended 31 December 2017 as approved by the Board on 19 March 2018. The work performed by PricewaterhouseCoopers Zhong Tian LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers Zhong Tian LLP on the preliminary results announcement.

PricewaterhouseCoopers Zhong Tian LLP was appointed as the Company’s auditor at the annual general meeting of the Company held on 28 June 2017 to audit the financial statements of the Company for the year ended 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2017, the national economy of China remained stable with good momentum in general in spite of the difficulties and pressures faced by the macro economy. The growth rate of the gross domestic product (GDP) of China for 2017 increased by 0.2 percentage point to 6.9% as compared to the same period in the prior year. The scale of export and import of goods further expanded. The total export and import trade value of China for 2017 increased by 14.2% and 18.7%, respectively as compared to the same period in the prior year (*Sources: National Bureau of Statistics of the PRC*).

In 2017, the port industry in China maintained the trend of stable development. The total amount of cargo throughput of the above-scale coastal ports increased by 6.4% as compared to the same period in the prior year, and the throughput of foreign trade cargo rose by 5.3% as compared to the same period in the prior year (*Sources: Ministry of Transport of the PRC*). The increasingly intensive competition among port operators prompted the port industry to develop in depth. Those operators who are equipped with superior docking capacity, integrated logistics system and port industry chain and diversified profit model had stood out from the competitors.

In 2017, the Group positively coped with the changes of the macro economy and vigorously transformed and upgraded its business model by seizing the opportunities brought by the supply-side reform of port services. Relying on its terminal business as the foundation, the Group implemented the headquarters strategy, strengthened marketing and strove to develop its logistics, finance, internet and other emerging businesses. Owing to this, the Group remained as a leading first-class domestic port operator, achieved sustainable and steady growth, and provided satisfactory returns to the shareholders.

In the aspect of terminal business, the Group accurately grasped business opportunities arising from the industry trend, such as the alliance in the container shipping business, large-size vessels, an increase amount of Valemax ore carriers entering into China, an increase in quota of crude oil processing and importing for regional refineries in Shandong Province. Relying on our professional and efficient deep water terminals, developed collection and distribution network system, continuously increasing storage capacity of the storage yard and the oil tank and improving industry chains for ancillary processing and value-added service, the Group designed a comprehensive “door-to-door” logistics services solution which turned its advantages in infrastructure and management into its competitiveness and laid the foundation for a sustainable development.

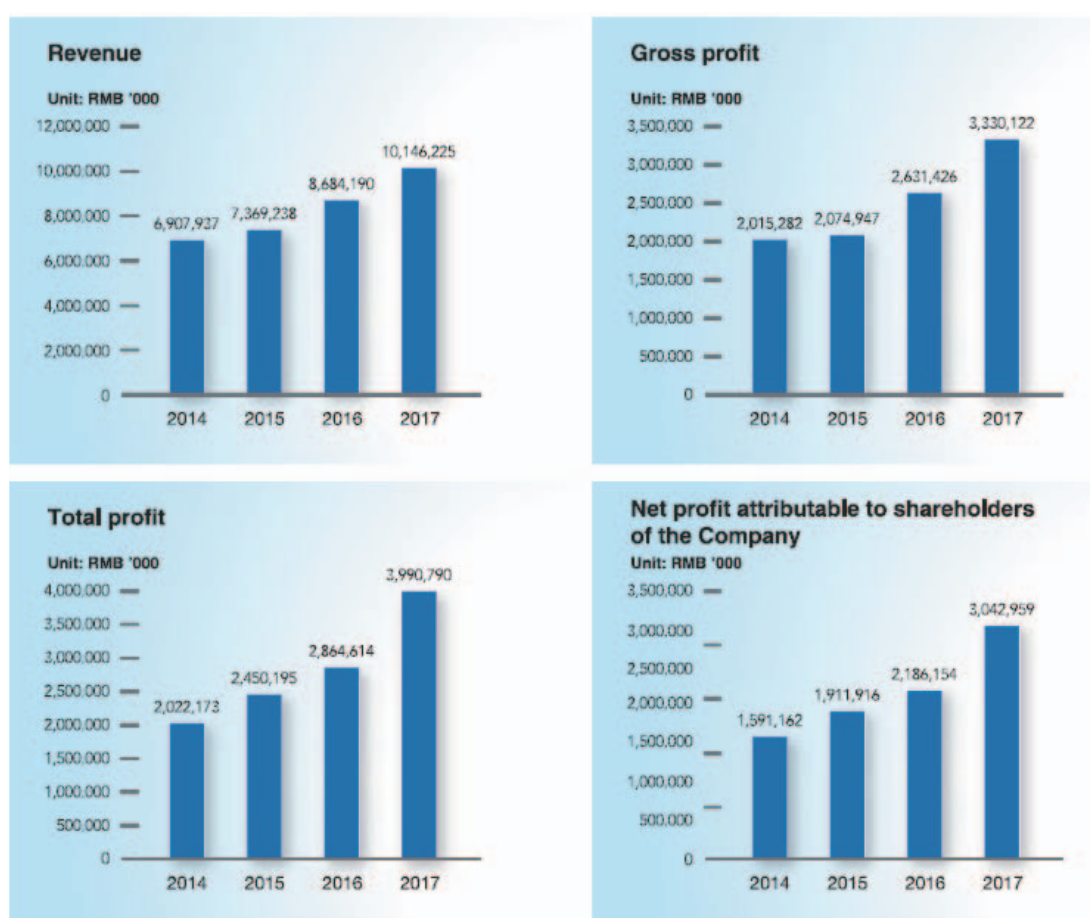
In the aspect of new businesses, the Group scientifically planned its investment portfolio to take full advantage of the port’s ability in terms of supply chain resource allocation and make full use of various social resources, and improved the operating efficiency of social logistics resources through information technology, in order to provide the clients with a whole industry chain integrated logistics services including agency, stevedoring, CFS and storage, transportation and other services. Meanwhile, by efficiently integrating and matching the financial resources and funding needs of port-related entities and providing financial services such as deposits, loan, electronic banking notes and letter of guarantee, the Group has established a diversified profit increasing model.

1 Review of Overall Business and Results

The Group is the primary operator of the Port of Qingdao, one of the world’s largest comprehensive ports, and is mainly engaged in six segments, including container handling and ancillary services, metal ore, coal and other cargo handling and ancillary services, liquid bulk handling and ancillary services, logistics and port value-added services, port ancillary services and financial services.

For the year ended 31 December 2017, the cargo throughput of the Group together with its joint ventures and associates (without taking into account the respective shareholding percentage the Company has in those joint ventures and associates) amounted to 458 million tons in total, representing an increase of 3.5% as compared to the same period in the prior year, among which, the foreign trading cargo throughput amounted to 353 million tons, representing an increase of 7.2% as compared to the same period in the prior year.

Comparison of Major Operating Indicators



The total revenue of the Group amounted to RMB10,146 million for the year ended 31 December 2017, representing an increase of RMB1,462 million or 16.8% as compared to the same period in the prior year. Such increase was mainly due to the increases in revenue from segments of logistics and port value-added services, liquid bulk handling and ancillary services and metal ore, coal and other cargo handling and ancillary services.

The gross profit of the Group was RMB3,330 million for the year ended 31 December 2017, representing an increase of RMB699 million or 26.6% as compared to the same period in the prior year. Such increase was mainly due to the increases in gross profit of segments of logistics and port value-added services and liquid bulk handling and ancillary services.

The selling and administration expenses of the Group was RMB522 million for the year ended 31 December 2017, representing a decrease of RMB129 million or 19.8% as compared to the same period in the prior year. Such decrease was mainly due to the decrease in the provision for supplemental retirement benefits and the early retirement benefits of RMB160 million as compared to the same period in the prior year.

The investment income of the Group from joint ventures and associates amounted to RMB1,117 million for the year ended 31 December 2017, representing an increase of RMB324 million or 40.9% as compared to the same period in the prior year. In particular, the increases in investment incomes of RMB189 million and RMB135 million were attributable to the increase of the Company's shareholding in QQCT from 31% to 51% and the increases in profits from all the business segments of the joint ventures and associates, respectively.

The total profit of the Group amounted to RMB3,991 million for the year ended 31 December 2017, representing an increase of RMB1,126 million or 39.3% as compared to the same period in the prior year.

The Group achieved the net profit attributable to shareholders of the Company of RMB3,043 million for the year ended 31 December 2017, representing an increase of RMB857 million or 39.2% as compared to the same period in the prior year.

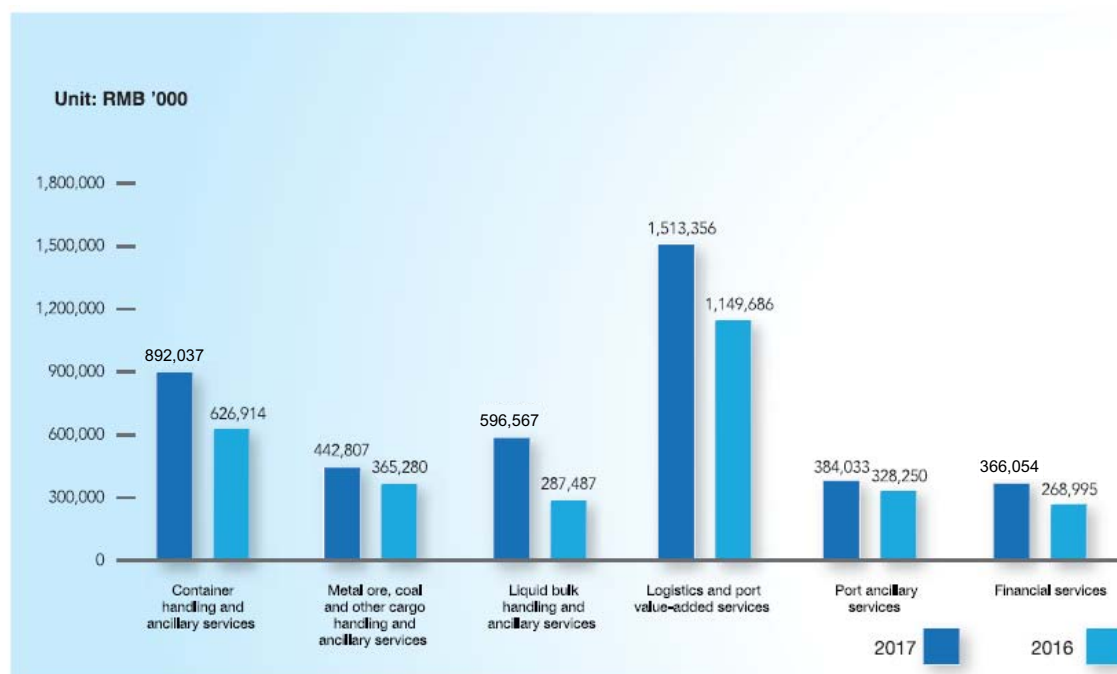
2. Segment Review and Business Review

Segment Results

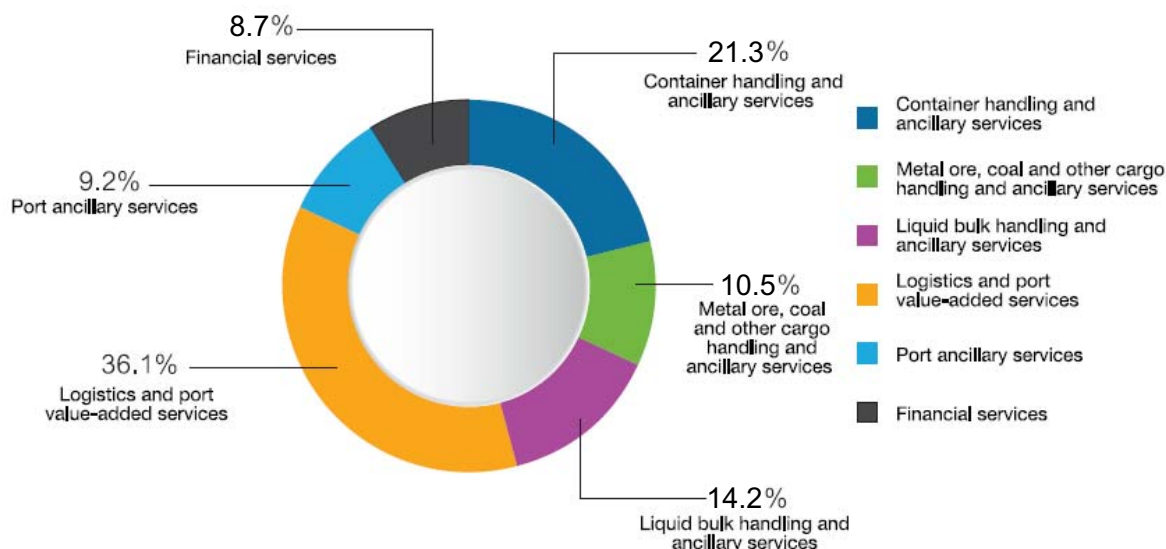
Unit: RMB'000

Business Segments	2017 Results	2017 Percentage of the total	2016 Results	2016 Percentage of the total	Change
Container handling and ancillary services	892,037	21.3%	626,914	20.7%	42.3%
Metal ore, coal and other cargo handling and ancillary services	442,807	10.5%	365,280	12.1%	21.2%
Liquid bulk handling and ancillary services	596,567	14.2%	287,487	9.5%	107.5%
Logistics and port value-added services	1,513,356	36.1%	1,149,686	38.0%	31.6%
Port ancillary services	384,033	9.2%	328,250	10.8%	17.0%
Financial services	366,054	8.7%	268,995	8.9%	36.1%
Total results before inter-segment elimination	4,194,854	100.0%	3,026,612	100.0%	38.6%

Comparison of Segment Results



Breakdown of each segment result for the year ended 31 December 2017



On the basis of further expanding and improving the basic port business of stevedoring by consolidating its advantages, the Group maintained a sustainable and healthy growth of the operation results by taking full advantages of its port resources, further implementing the construction of modern logistics together with “The Three Strategies”, namely, the Financial Strategy, the Internationalization Strategy, and the Internet Strategy, and created a diversified comprehensive port ecosystem.

The details are set out as below:

(1) Container handling and ancillary services

Unit: RMB'000

Item	2017	2016	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	234,825	192,632	42,193	21.9%
Cost of sales	69,523	65,817	3,706	5.6%
Gross profit	165,302	126,815	38,487	30.3%
Profit of Consolidated Group				
Companies	163,693	118,351	45,342	38.3%
Joint ventures				
Revenue	3,555,468	3,369,157	186,311	5.5%
Cost of sales	1,230,204	1,136,009	94,195	8.3%
Share of post-tax profit of joint ventures				
	728,344	508,563	219,781	43.2%
Segment results	892,037	626,914	265,123	42.3%

Note: Amounts 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 and Qingwei Container, without taking into account of the respective shareholding percentages held by the Company in those joint ventures. See “Summarized Financial Information of Joint Ventures” for more details of QQCT’s financial information.

For the year ended 31 December 2017, focusing on the goal of constructing the “International Hub Port in Northeastern Asia”, the Group innovated its marketing model, developed the international transshipment business, perfected the layout of its inland network system, and continued to improve its development advantage of container businesses. The main breakthroughs achieved in 2017 were as follows:

- (1) The Group further implemented the headquarter strategy for shipping companies and innovated the grid marketing model, attracting shipping companies opening additional 12 shipping lines, including seven lines linked to the Middle East, West Africa and Southeast Asia areas covered by the “One Belt and One Road”, which further optimized the layout of shipping lines of the Group. By optimizing its commercial policies and prompting the opening of transshipment channels, the international transshipment container volume increased by 48% as compared to the same period in the prior year;
- (2) The Group seized opportunities brought by national strategies to expand the scope of the sea-rail intermodal transportation system and expand its presence in inland ports. The Group achieved an increase of 55% 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;
- (3) The Group established a large customer service system based on key export and import cargo types and consolidated the port cargo sources. The operation volume of foreign trade loaded containers grew quickly; and
- (4) The fully automatic container terminal, with a stable single-machine average operating rate of 32 units/hour, was put into commercial operation in May 2017, which further enhanced the capacity and efficiency of the Group’s container terminals and expanded the space for the continuous development of the container business.

For the year ended 31 December 2017, the revenue from container handling and ancillary services amounted to RMB235 million, representing an increase of 21.9% as compared to the same period in the prior year, which was mainly due to the increases in port facilities rental incomes of container stevedoring business and port management income. The segment result of container handling and ancillary services was RMB892 million, representing an increase of RMB265 million or 42.3% as compared to the same period in the previous year. Such increase was mainly due to the increase in investment income of RMB189 million resulting from the increase of the Company's shareholding in QQCT from 31% to 51%. After eliminating the impact of the aforesaid factor, the increase was 12.1% as compared to the same period in the prior year.

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

Unit: RMB'000

Item	2017	2016	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	3,045,092	2,838,491	206,601	7.3%
Cost of sales	2,380,031	2,158,172	221,859	10.3%
Gross profit	665,061	680,319	-15,258	-2.2%
Profit of Consolidated Group Companies	418,700	345,209	73,491	21.3%
Joint ventures				
Revenue	1,449,998	1,289,231	160,767	12.5%
Cost of sales	1,042,343	955,486	86,857	9.1%
Share of post-tax profit of joint ventures	24,107	20,071	4,036	20.1%
Segment results	442,807	365,280	77,527	21.2%

Note: Amounts 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, West United and Huaneng Qingdao without taking into account of the respective shareholding percentages held by the Company in those joint ventures.

For the year ended 31 December 2017, the Group seized the market opportunity of “Age of Large-Sized Vessel” led by Valemax and provided the customers with logistic supply chain solutions to promote the integration of cargo source. The main breakthroughs achieved in 2017 were as follows:

- (1) The Group implemented headquarters marketing to strengthen the integration of trade ores. More efforts were put on the development of value-added services such as mixing ore, matching ore and bonded services. As a result, Valemax ore vessels berthed 29 times, ranking the first among the coastal ports in China. The operation volume of mixing ore reached more than 16 million tons, which was doubled over the same period in the prior year;
- (2) The Group strengthened the joint marketing with railway systems to expand the new markets and customers in Shanxi, Henan and other inland areas; and
- (3) The Group scientifically planned the routes of transportation for the clients, and provided them with the solution of whole-process logistics and value-added services to strengthen the client dependency and to improve the market competitiveness.

For the year ended 31 December 2017, the revenue of metal ore, coal and other cargo handling and ancillary services was RMB3,045 million, representing an increase of 7.3% as compared to the same period in the prior year. Such increase was mainly due to the increase in the revenue because of the commencement of the whole-process logistics business covering stevedoring and other ancillary services, while the cost of sales increased at the same time. The gross profit amounted to RMB665 million, representing a decrease of 2.2% as compared to the same period in the prior year, which was mainly attributed to the increase in variable cost such as material consumption. The segment results was RMB443 million, representing an increase of RMB78 million as compared to the same period in the prior year, which was mainly due to the decrease in the provision for supplemental retirement benefits and the early retirement benefits of RMB80 million as compared to the same period in the prior year.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

Item	2017	2016	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	551,692	127,833	423,859	331.6%
Cost of sales	152,527	29,614	122,913	415.1%
Gross profit	399,165	98,219	300,946	306.4%
Profit of Consolidated Group Companies	329,618	89,153	240,465	269.7%
Joint ventures				
Revenue	1,560,382	1,027,887	532,495	51.8%
Cost of sales	792,960	432,187	360,773	83.5%
Share of post-tax profit of joint ventures	266,949	198,334	68,615	34.6%
Segment results	596,567	287,487	309,080	107.5%

Note: Amounts of revenue and cost of sales of the 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 of the shareholding percentage held by the Company in those joint ventures. See “Summarised Financial Information of Joint Ventures” for more details on Qingdao Shihua’s financial information.

For the year ended 31 December 2017, the Group seized the opportunity of the increase in import and process of crude oil quota of local refineries in Shandong province to accelerate the construction and operation of the Dongjiakou Port- Weifang- Central and Northern Shandong oil pipeline construction project and the auxiliary tank area in Weifang and maximize the terminal capacity through improving the efficiency of railway, pipeline, highway and waterway. The main breakthroughs achieved in 2017 were as follows:

- (1) The Group enhanced its cooperation with local refineries and trading companies, provided them with customized service plans, and innovated production organization to upgrade the technology of loading for trains, to improve the capacity of delivery for pipeline and to develop and operate the platform of highway transport for oil. As a result, the transportation efficiency was improved significantly and the Group’s import amount of crude oil grew fast; and

- (2) The Dongjiakou Port- Weifang- Central and Northern Shandong oil pipeline construction project Phase I and the auxiliary tank area project in Weifang has commenced operation, with an operational advantage gaining from integrating terminal, storage and transportation, which drives the growth of the Group's market share in the local refinery market of Shandong province.

For the year ended 31 December 2017, the revenue of liquid bulk handling and ancillary services was RMB552 million, representing an increase of 331.6% as compared to the same period in the prior year, which was mainly due to an increase in storage revenue from the newly established crude oil tank storage and an increase in the transport revenue from pipelines newly put into operation in Dongjiakou Port Area. The segment result was RMB597 million, representing an increase of 107.5% as compared to the same period in the prior year. Such increase was mainly due to an increase of storage volume and pipeline transport volume for the liquid bulk.

(4) Logistics and port value-added services

Unit: RMB'000

Item	2017	2016	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	4,155,866	3,385,348	770,518	22.8%
Cost of sales	2,627,559	2,178,749	448,810	20.6%
Gross profit	1,528,307	1,206,599	321,708	26.7%
Profit of Consolidated Group Companies	1,416,822	1,083,538	333,284	30.8%
Joint ventures and an associate				
Revenue	1,490,594	829,619	660,975	79.7%
Cost of sales	1,158,067	589,393	568,674	96.5%
Share of post-tax profit of joint ventures and an associate	96,534	66,148	30,386	45.9%
Segment results	1,513,356	1,149,686	363,670	31.6%

Note: Amounts 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 of the respective shareholding percentages held by the Company in those joint ventures and the associate.

The Group leveraged it as the hub and center for the whole process of the port logistics, made full use of the resources from upstream and downstream industry chain and developed a new mode of whole-process logistics. A developing mode of comprehensive whole-process logistics vendor has been preliminarily established. The main breakthroughs achieved in 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 total handling volume of the containers represented a growth rate of 43% as compared to the same period in the prior year;
- (2) Agency service reinforced the whole-process marketing and brand operation. There was a total of 33 cooperative shipping companies and 48 container shipping lines in shipping agency business of the Consolidated Group Companies with an increase of 73% in the amount of ship agency business as compared to the same period in the prior year, and the volume of freight forwarding of the Consolidated Group Companies increased by 30% as compared to the same period in the prior year;
- (3) The transportation business established a container long-distance transportation platform, which shifted the pickup procedure of imported cargos from off-line to on-line, improving the logistics efficiency effectively; and
- (4) While maintaining the increment in traditional businesses, the tugging and tallying business actively sought cooperation through joint venture and partnership to explore new businesses, such as shipping, inspection and supervision of loading.

For the year ended 31 December 2017, the revenue of logistics and port value-added services was RMB4,156 million, representing an increase of 22.8% as compared to the same period in the prior year. Such increase was mainly due to a sustainable increase of business volume. The segment results accounted to RMB1,513 million, representing an increase of 31.6% as compared to the same period in the prior year. Such increase was mainly due to the increase in profit of CFS, agency, tugging and tallying businesses.

(5) Port ancillary services

Unit: RMB'000

Item	2017	2016	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	2,138,275	2,119,962	18,313	0.9%
Cost of sales	1,584,745	1,619,547	-34,802	-2.1%
Gross profit	553,530	500,415	53,115	10.6%
Profit of Consolidated Group Companies	384,033	328,250	55,783	17.0%
Segment results	384,033	328,250	55,783	17.0%

For the year ended 31 December 2017, the revenue from port ancillary services amounted to RMB2,138 million, remaining basically stable as compared to the same period in the prior year. The segment results amounted to RMB384 million, representing an increase of 17.0% as compared to the same period in the prior year, which mainly was due to a higher gross margin as a result of relatively mature technologies in the port projects undertaken during the year and effective cost control.

(6) Financial services

Unit: RMB'000

Item	2017	2016	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	421,285	326,347	94,938	29.1%
Cost of sales	84,785	54,204	30,581	56.4%
Gross profit	336,500	272,143	64,357	23.6%
Profit of Consolidated Group Companies	365,438	268,995	96,443	35.9%
An associate				
Revenue	224,963	—	224,963	N/A
Cost of sales	89,354	—	89,354	N/A
Share of post-tax profit of an associate	616	—	616	N/A
Segment results	366,054	268,995	97,059	36.1%

Note: Amounts of revenue and cost of sales of an associate represent the amount of those in the financial information of Qingyin Financial Leasing, without taking into account of the shareholding percentages held by the Company in the associate.

The Group deepened its financial strategy, took the integrative development model of “Industry Plus Finance” as the main line and vigorously innovated its business model. More business licenses were obtained, and business categories were increased constantly.

Qingdao Finance not only met the financing demand of its members but also realized gains from its funds, sped up the settlement and sale of foreign exchange business promotion and obtained the qualifications to get access to interbank lending market and bond market, which further expanded its business scope.

For the year ended 31 December 2017, the segment result of financial services amounted to RMB366 million, representing an increase of 36.1% as compared to the same period in the prior year, which was mainly due to the increase in profit from interbank deposits driven by the increase in interest rate of interbank deposits and the enlarged deposit scale.

3. Financial Position Analysis

Unit: RMB'000

Item	As at 31 December 2017	As at 31 December 2016	Changed Amount	Changed Percentage
Cash at bank and on hand	11,705,176	8,100,294	3,604,882	44.5%
Accounts Receivables	1,873,365	1,307,611	565,754	43.3%
Long-term receivables	4,395,674	3,484,534	911,140	26.1%
Long-term equity investments	8,538,242	5,139,040	3,399,202	66.1%
Accounts Payables	1,517,606	1,125,837	391,769	34.8%

As at 31 December 2017, the Group's cash at bank and on hand increased by RMB3,605 million or 44.5% as compared to the beginning of the year, mainly due to the increase in cash from operating activities of RMB1,924 million, the decrease in cash from investing activities of RMB1,742 million, the increase in cash from financing activities of RMB3,486 million.

As at 31 December 2017, the Group's accounts receivables increased by RMB566 million or 43.3% as compared to the beginning of the year, which was mainly due to new receivables from related parties in the manufacturing of port machineries and new receivables in logistics and port value-added services business of RMB362 million and RMB117 million, respectively.

As at 31 December 2017, the Group's long-term receivables increased by RMB911 million or 26.1% as compared to the beginning of the year, which was due to the increase in the loans offered by the Group to its joint ventures and other related parties.

As at 31 December 2017, the Group's long-term equity investments increased by RMB3,399 million or 66.1% as compared to the beginning of the year, which was mainly due to an increase in the long-term equity investments of RMB3,199 million as a result of the acquisition of the 20% equity interests in QQCT.

As at 31 December 2017, the Group's accounts payable increased by RMB392 million or 34.8% as compared to the beginning of the year, which was mainly due to the increase in subcontract fees of RMB265 million payable by the Group.

4 Cash Flow Analysis

For the year ended 31 December 2017, the Group's net cash inflow amounted to RMB3,615 million, among which:

- (1) net cash inflow from operating activities amounted to RMB1,924 million, which was mainly derived from the operating profit of Consolidated Group Companies;
- (2) net cash outflow from investing activities amounted to RMB1,742 million, mainly comprising of cash inflow of RMB1,017 million through the receipt of dividends from joint ventures and associates and cash outflow of RMB2,623 million for purchasing and construction of long-term assets including fixed assets.
- (3) net cash inflow from financing activities amounted to RMB3,486 million, mainly comprising of cash inflow of proceeds of RMB2,600 million raised from the Subscription of Domestic Shares and proceeds of RMB912 million raised from the New H Shares Issue, cash inflow of RMB1,260 million in absorbing deposits by Qingdao Finance, cash outflow of RMB836 million for paying dividends to the shareholders of the Company and Consolidated Group Companies, cash outflow of RMB690 million for paying the debt principals and interests.

In order to facilitate the understanding of shareholders and investors, after eliminating the impact of Qingdao Finance and the Group's purchasing of the wealth management products and the recovery of fixed term deposits over three months which became due on the cash flow, the net cash inflow of the Group amounted to RMB2,052 million.

5. Liquidity and Financial Resources

As at 31 December 2017, the Group's cash at bank and on hand amounted to RMB11,705 million and wealth management products amounted to RMB750 million with the main currency of RMB. 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 RMB6,379 million, among which, cash amounted to RMB6,079 million. After eliminating the impact of Qingdao Finance, the Group's total interest-bearing bank borrowings amounted to RMB3,770 million, among which, borrowings at fixed interest rates amounted to RMB3,637 million and borrowings at floating interest rates amounted to RMB133 million.

As at 31 December 2017, the gearing ratio of the Group was 18%. After eliminating the impact of Qingdao Finance, the amount of the Group's cash exceeded its interest-bearing debt.

6. Capital Structure

As at 31 December 2017, the total equity of the Group amounted to RMB25,063 million, representing an increase of RMB9,580 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 Subscription of Domestic Shares by Shanghai China Shipping Terminal; the increase of RMB912 million from the New H Shares Issue; the increase of RMB3,043 million from the operating profit; the increase of RMB347 million from supplemental retirement benefits actuarial gains; and the decrease of RMB788 million from the declaration of final dividend of the year 2016 by the Company. The equity of minority shareholders increased by RMB261 million, mainly due to the increase in operating profits and comprehensive incomes of RMB198 million and the increase in investments by minority shareholders of RMB111 million.

As at 31 December 2017, the Company had 6,036,724,000 shares in issue, including 1,099,025,000 H shares. The total market capitalization and H share market capitalization of the Company was HKD31,632 million and HKD5,759 million, respectively (calculated based on the closing price of HK\$5.24 of the Company on the Hong Kong Stock Exchange on 29 December 2017).

7. Interest Rate and Exchange Rate Risks

As at 31 December 2017, cash at bank and on hand, receivables, payables and external bank borrowings at floating rates amounted to RMB2,725 million, RMB3,196 million, RMB7,986 million and RMB133 million, respectively. The Group assessed the interest rate risk and anticipated that changes in interest rate 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 risks in interest and exchange rate. Other than one foreign currency forward contract for buying US\$ with approximate HK\$444 million, which aims to reduce the impact of the volatility of the HK\$ exchange rate against US\$, the Group did not enter into any hedging arrangements with respect risks in interest rate and exchange rate risks for the year.

8. Financial indicators

Financial indicators	2017	2016	Change
Return on total assets	7.51%	6.57%	Increased by 0.94 percentage point
Weighted average return on net assets	15.54%	16.25%	Decreased by 0.71 percentage point
Interest coverage ratio	19.30	18.35	Increased by 0.95 times
Current ratio	1.31	1.01	Increased by 0.30
Quick ratio	1.27	0.98	Increased by 0.29
Turnover ratio of accounts receivable	5.99	6.39	Decreased by 0.40 times
Turnover days of accounts receivable	61 days	57 days	Increased by 4 days

For the year ended 31 December 2017, the return on total assets of the Group was 7.51%, representing an increase of 0.94 percentage point over the same period in the prior year, and the weighted average return on net assets of the Group was 15.54%, representing a decrease of 0.71 percentage point as compared to the same period in the prior year, which was mainly due to the capital investment absorbed from the new shareholders gradually realizing the profit. The accounts receivables turnover ratio of the Group was 5.99 times, representing a decrease of 0.40 time over the same period in the prior year, and the accounts receivable turnover days of the Group was 61 days, representing an increase of 4 days over the same period in the prior year, which was mainly due to an increase in receivables from the manufacturing of port machineries at the end of 2017.

Summarized Financial Information of Joint Ventures

Set out below are the summarized financial information of joint ventures which are accounted under equity method. In the view of the directors of the Company, such financial information are material to the Group.

Unit: RMB'000

	QQCT		Qingdao Shihua	
	2017	2016	2017	2016
Revenue	3,396,345	3,227,270	1,543,369	1,021,996
Cost of sales	<u>(1,142,901)</u>	<u>(1,056,042)</u>	<u>(774,723)</u>	<u>(422,187)</u>
Profit before income tax	2,206,421	2,111,582	712,598	546,251
Income tax expenses	<u>(514,255)</u>	<u>(526,949)</u>	<u>(169,467)</u>	<u>(136,062)</u>
Net profit for the year	<u>1,692,167</u>	<u>1,584,633</u>	<u>543,131</u>	<u>410,189</u>
Attributable to non-controlling interests	<u>21,204</u>	<u>7,157</u>	<u>—</u>	<u>—</u>
Net profit attributable to the owners of joint ventures	<u>1,670,963</u>	<u>1,577,476</u>	<u>543,131</u>	<u>410,189</u>
Other distribution	(1,215)	(957)	—	—
Equity interest in joint ventures held by the Group	51%	31%	50%	50%
Share of profit by the Group before elimination	717,373	488,721	271,565	205,095
Unrealised profit	<u>(10,426)</u>	<u>—</u>	<u>(2,117)</u>	<u>(2,156)</u>
Share of post-tax profit by the Group accounted for using the equity method	706,947	488,721	269,448	202,939

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

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

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

Unit: RMB'000

	31 December 2017	31 December 2016
Balance sheet		
Cash at bank and on hand	5,626,204	4,623,578
Interests receivable	30,556	23,852
Other receivables	432,842	239,398
Other current assets	339,000	800,000
Current portion of non-current assets	318,840	264,586
Available-for-sale financial assets	111,358	—
Long-term receivables	1,907,429	1,568,400
Other payables	8,225,623	6,981,474
Interests payable	29,785	30,626
General reserve	226,360	134,122
		<i>RMB'000</i>
Income statement	2017	2016
Finance expenses — interest income	400,809	306,423
Finance expenses — interest expenses	(83,067)	(53,339)

9. Significant Capital Investment

For the year ended 31 December 2017, the Group had significant capital investment of RMB2,068 million, mainly consisting of the investment in the project of the Dongjiakou Port-Weifang-Central and Northern Shandong Oil Pipeline, and the dry-bulk berth projects in Dongjiakou Port Area and investment in other projects.

10. Significant Acquisition and Disposal of Subsidiaries, Joint Ventures and Associates

For the year ended 31 December 2017, the Company acquired the 20% equity interests in QQCT from Shanghai China Shipping Terminal, 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.

11. Pledge of Assets

As at 31 December 2017, trade acceptance notes of the Group with a value of RMB13.00 million have been pledged as the security for new issuance of bank acceptance notes, meanwhile, bank acceptance notes with a value of RMB3.00 million have been pledged to bank, and the Group is in the progress of applying for issuance of acceptance notes.

12. Contingent Liabilities

As at 31 December 2017, there were not significant contingent liabilities in the Group.

13. Outlook for 2018

In 2018, in front of the new opportunities that the global economy is expected to continue maintaining its growth momentum and that China's economy is shifting from high-speed growth to high-quality development, the Company will stress the essentials, shore up weak growth areas and strengthen the weakness under the theme of "improving the quality and efficiency as well as developing with innovation". The Company will innovate the incremental efficiency, deepen the diversified development to maintain steady growth of cargo throughput and operation performance. As such, the Group will concentrate on the following five aspects:

Firstly, the Group will promote the improvement in both business volume and efficiency of terminal stevedoring business. By leveraging on the world-class terminal facilities, convenient and efficient integrated transportation system including railway, highway, waterway and pipelines, and the industry leading full range and all-rounded service, the Group will carry out high-level communication with major customers to promote the steady growth of terminal stevedoring business. With respect to the container business, the Group will focus on increasing the shipping lines and implementing the headquarter strategy for shipping companies in an in-depth manner to attract more foreign trade shipping lines, optimize the layout of domestic trade shipping lines and make the transit bigger and stronger network, so as to maintain the position as the

Northeast Asia hub port. With respect to the dry bulk cargo business, the Group will deepen the cooperation with steel mills, mines and trading companies to jointly expand the marketing channels and promote the increase of mix ore business to achieve the increase in both business volume and efficiency of dry bulk cargo. With respect to the liquid bulk business, the Group aims at the construction of trade center port and logistics hub port, strengthening the interaction of Huangdao Oil Port Area, Dongjiakou Port Area, tank area in Weifang “cross-port area” terminal and oil tank resources and integrating the business operation to exploit the advantages of the Dongjiakou Port- Weifang-Central and Northern Shandong oil pipeline, so as to construct an inland oil port and promote the growth of liquid bulk business segment.

Secondly, the Group will expand the scale merit of the new industry. The Group will vigorously develop the modern logistics business. Oriented by customer demand, it will improve the port service function chains and increase the proportion of the customers of comprehensive logistics services to the corporate customers. With respect to the freight forwarding business, the Group will proactively develop new customers, while in terms of the shipping agency business, the Group will strive to undertake the new shipping lines. For the CFS business, the Group will try to achieve new functions such as sorting containers according to their arriving terminal and picking container according to inland CFSs. With respect to the construction of inland port, the Group will optimize the layout of regional marketing centers improve service functions and resource allocation and continue to enhance radiation capacity. With respect to the sea-rail intermodal transport, the Group aim to achieve new growth in both intermodal transport routes and container volume of the sea-rail intermodal transport to promote the improvement in both business volume and efficiency of modern logistics industry. The Group will deeply implement the financial strategy. On the basis of strengthening treasury management of Qingdao Finance, It will deepen the integration of industry and finance, innovate diversified settlement products such as guarantee for the customs duties, build up domestic currency pool, foreign currency pool, cross-border capital pool and bill pool for capital operation, carry out new business such as RMB cross-border settlement, payment agency for overseas financing and foreign exchange in offshore transactions to promote the scale merit to a new higher-level. The Group will accelerate the construction of integrated trade service center and expand the functions of futures settlement base, so that new types cargis in respect of futures settlement such as crude oil, pulps and imported rubber can be brought in to develop a group of futures settlement base. The Group will make full use of bonded qualification of the crude oil tank to construct a crude oil trading and distribution center. The Group will also proactively promote the port-centered industry projects of Dongjiakou Port Area to create a new growth in port development.

Thirdly, the Group will expand the space for international development. It will also deeply implement internationalization strategy, co-ordinate the directions of land and sea, the international and domestic resources, deepen the cooperation with COSCO SHIPPING, Maersk Group and other large shipping companies in various fields. The Group will jointly establish Ocean Bridge International Port Operation and Management Co., Ltd.* (海路國際港口運營管理有限公司) with COSCO SHIPPING Ports to accelerate the implementation of key projects such as container terminal of the second phase of Port Khalifa in Abu Dhabi, the United Arab Emirates, stabilize the operation and management of the 300,000-ton crude oil terminal in Myanmar Mude Island and the container terminal of the Vado Ligure Port in Italy. The Group will steadily promote the management and capital output, in order to step up to develop into an international terminal operator and enhance the influence and voice of Port of Qingdao in global terminal industry.

Fourthly, the Group will enhance the development momentum of ports. It will also will deeply implement internet strategy, speed up the construction of intelligent ports, operate and manage the global leading container automated terminal to promote industrial intelligence and intelligent industrialization. The Group will accelerate the production scheduling intelligence in the container, bulk cargo and highway distribution to constantly enhance the efficiency of logistics e-commerce service platform, attracting the gather of resources including logistics, business flow, information flow and capital flow to expand e-commerce ecosystem. The Group will accelerate the construction of the second and third phase of Dongjiakou Port- Weifang- Central and Northern Shandong oil pipeline construction project and the ancillary oil tank in Guangrao tank area which directly connect to the refining enterprises in Shandong, accelerate the construction of railway connected to the port in Dongjiakou Port and proactively promote the preliminary works for the major projects such as the second 300,000-ton crude oil terminal of Dongjiakou Port Area and crude oil business reserves to further release the potential of Dongjiakou Port Area and enhance the momentum of port development.

Fifthly, the Group will continue to enhance the management efficiency. It will also adhere to the strategic orientation, goal orientation, short board orientation, and catch the key aspects of corporate governance to create a delicacy, lean, intensive and efficient management system. The Group will strengthen the compliance management and deeply implemented the modern enterprise management system and corporate governance structure in accordance with the regulatory requirements of A+ H shares listed companies. The Group

will strengthen the performance management, refine performance indicators analysis such as cost and efficiency to explore the establishment of cost consumption quota management system for each business segment. The Group will strengthen the safety management, adhere to the safety concept of “integration of human and safety” to continue to develop intrinsic safety staff, create intrinsic safety environment, enhance intrinsic safety management and build intrinsic safety ports. The Group will strengthen the environmental protection management by thoroughly implementing the “four major projects” including technological innovation, energy replacement, equipment updates, process optimization, so as to create a green and low-carbon port. The Group will strengthen human resources management, implement training plans, continuously improve the quality of staff, develop a knowledgeable, skilled and artisanal team, and optimize the compensation and evaluation incentive mechanism so as to further stimulate the vitality and creativity of employees and enhance the human resources support for sustainable development.

NEW H SHARES ISSUE AND SUBSCRIPTION OF DOMESTIC SHARES

On 18 May 2017, the Company completed the issuance of 243,000,000 new H shares at the issue price of HK\$4.32 per H share (equivalent to approximately RMB3.81). Upon completion of the New H Shares Issue, the share capital of the Company increased to 5,021,204,000 shares.

On 22 May 2017, the Company completed the subscription of 1,015,520,000 domestic shares by Shanghai China Shipping Terminal at the subscription price of RMB5.71 per share. Upon completion of the Subscription of Domestic Shares, the share capital of the Company increased to 6,036,724,000 shares.

The Directors are of the view that the abovementioned New H Shares Issue and Subscription of Domestic Shares are in line with the Company’s development strategy and in the interests of the Company and its Shareholders as a whole.

For details of the abovementioned New H Shares Issue and Subscription of Domestic Shares, please refer to the announcements of the Company dated 20 January 2017, 18 May 2017 and 22 May 2017.

USE OF NET PROCEEDS

The net proceeds from the Global Offering of the Company 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 31 December 2017, RMB1,880 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 as disclosed in the Prospectus and the announcement dated 28 December 2016.

The net proceeds of the Company from the New H Shares Issue 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 31 December 2017, no proceeds had been utilized towards the investment projects.

The net proceeds of the Company from the Subscription of Domestic Shares by Shanghai China Shipping Terminal were approximately RMB2,600 million. As at 31 December 2017, RMB1,382 million had been utilized towards the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017.

PROPOSED FINAL DIVIDEND FOR THE YEAR

As the Company is actively pushing ahead the progress of initial public offering and listing of A shares, which is under review phase, the distribution of final dividend for the year 2017 may include holders of A shares upon the listing of A shares. Accordingly, the Board shall make announcement with respect to the detailed proposed dividend for the year ended 31 December 2017 as appropriate in due course (but no later than 18 May 2018), subject to the approval by the shareholders at the forthcoming 2017 AGM.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 year ended 31 December 2017.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct for securities transactions by directors and supervisors of the Company. Specific enquiries have 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 for the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

No purchase, sale and redemption of any listed securities of the Company was made by the Company or any of its subsidiaries for the year ended 31 December 2017.

AUDIT COMMITTEE

The Audit Committee has reviewed, with management, the accounting principles and policies adopted by the Group and the financial statements for the year ended 31 December 2017.

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

The amendments to the Articles of Association were approved at the 2017 first extraordinary general meeting of the Company held on 10 March 2017 and the revised version came into effect upon the completion of the Subscription of Domestic Shares. The amendments to the Articles of Association were then approved at the annual general meeting of the Company held on 28 June 2017 and the revised version will take effect upon the initial public offering and listing of A shares of the Company. The current Articles of Association have been published on the websites of the Company and the Hong Kong Stock Exchange.

CLOSURE OF REGISTER

In order to determine the eligibility of shareholders who are entitled to attend the 2017 AGM of the Company, the share register of the Company will be closed from Monday, 7 May 2018 to Wednesday, 6 June 2018 (both days inclusive), during which no share transfer will be registered. The shareholders whose names appear on the register of members of the Company on Monday, 7 May 2018 are entitled to attend and vote at the 2017 AGM. Holders of the Company's shares who wish to attend the 2017 AGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road

East, Wanchai, Hong Kong (for holders of H Shares) or at the Company's registered office in the PRC, at 7 Ganghua Road, City North District, Qingdao, Shandong Province, the PRC (for holders of domestic shares), no later than 4:30 p.m. on Friday, 4 May 2018 for registration.

MATERIAL LITIGATIONS

Other than the No. 794 case which the Company was involved in as disclosed in the announcements of the Company published on 28 July 2014, 15 August 2014, 5 September 2014 and 27 October 2016, the Group was not involved in any material litigation or arbitration for the year ended 31 December 2017.

The Company does not expect the aforesaid litigation and relevant judgments and orders to have a material adverse impact on the Group's business and operations.

SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 31 December 2017.

PUBLICATION OF THE COMPANY'S 2017 ANNUAL RESULTS ANNOUNCEMENT AND THE 2017 ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com), respectively, and the 2017 annual report (containing all particulars as required by the Listing Rules) will be dispatched to the shareholders of the Company in due course and published on the websites of the Hong Kong Stock Exchange and the Company, respectively.

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

Qingdao, the PRC, 19 March 2018

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

DEFINITIONS

“2017 AGM”	the 2017 annual general meeting of the Company to be held on or around 6 June 2018
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of Qingdao Port International Co., Ltd. (青島港國際股份有限公司)
“CFS”	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
“Company”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on November 15, 2013
“Consolidated Group Companies”	the Company (including its branches) and its subsidiaries which are consolidated into in the consolidated financial statements of the Company
“Group”	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associates of the Company
“Haiwan Liquid Chemical”	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Huaneng Qingdao”	Huaneng Qingdao Port Operation Co., Ltd. (華能青島港務有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“One Belt and One Road”	the Silk Road Economic Belt and 21st Century Maritime Silk Road
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“New H Shares Issue”	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 shareholders on the 2017 first extraordinary general meeting, 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
“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, which holds approximately 58% equity interests in the Company as at the date of this announcement

“Qingdao Finance”	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its group companies
“Qingdao 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
“Qingyin Financial Leasing”	Qingdao Qingyin Financial Leasing Co., Ltd. (青島青銀金融租賃有限公司), an associate in which the Company holds 9% equity interests, which is mainly engaged in the business of asset leasing, etc.
“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
“Shanghai China Shipping Terminal”	Shanghai China Shipping Terminal Development Co., Ltd. (上海中海碼頭發展有限公司), a company established in China and a wholly-owned subsidiary of COSCO SHIPPING Ports Limited (中遠海運港口有限公司)
“Subscription of Domestic Shares”	the subscription of 1,015,520,000 new domestic shares of the Company by Shanghai China Shipping Terminal

“TEU”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, a height of eight feet and six inches and a width of eight feet
“Valemax”	the largest dry bulk carrier in the world with a capacity of up to 400,000 DWTs, which is mainly used to transport, among other things, ore and ore sand exploited from mines in Brazil
“West United”	Qingdao Qianwan West Port United Terminal Co.,Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services