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

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

**(Stock Code: 3369)**

## 2018 INTERIM RESULTS ANNOUNCEMENT

### FINANCIAL HIGHLIGHTS

– For the Reporting Period, our revenue amounted to RMB3,512,323 thousand, representing an increase of RMB118,694 thousand or 3.50% as compared with the revenue of RMB3,393,629 thousand for the corresponding period of 2017.

– For the Reporting Period, we recorded the gross profit of RMB1,541,358 thousand, representing an increase of RMB246,695 thousand or 19.05% as compared with the gross profit of RMB1,294,663 thousand for the corresponding period of 2017. Our gross profit margin for the Reporting Period was 43.88%, representing an increase of 5.73 percentage points as compared with 38.15% for the corresponding period of 2017.

– For the Reporting Period, our net profit amounted to RMB658,352 thousand, representing an increase of RMB36,680 thousand or 5.90% from RMB621,672 thousand for the corresponding period of 2017. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB732,048 thousand, representing an increase of RMB115,009 thousand or 18.64% from RMB617,039 thousand for the corresponding period of 2017.

– For the Reporting Period, our earnings per Share amounted to RMB0.1310, representing an increase of 6.76% from RMB0.1227 for the corresponding period of 2017.

The Board announces the unaudited consolidated results of the Group for the Reporting Period prepared pursuant to the relevant requirements of the Listing Rules, together with the comparative figures for the corresponding period of 2017.

* *For identification purpose only*

**UNAUDITED CONSOLIDATED BALANCE SHEET**
*30 June 2018*
*RMB*

| **Assets** | *Note* | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|---|
| Current assets | | | |
| Cash and bank balances | *1* | **2,637,097,718.04** | 1,983,285,014.18 |
| Financial assets held for trading | | **100,057,222.22** | – |
| Bills receivable and Accounts receivable | *2* | **299,004,484.29** | 413,908,521.65 |
| Prepayments | | **5,574,129.93** | 4,638,406.01 |
| Other receivables | | **14,715,954.24** | 10,373,932.26 |
| Inventories | *3* | **194,321,493.18** | 200,222,526.56 |
| Other current assets | | **98,788,707.80** | 239,668,328.72 |
| Total current assets | | **3,349,559,709.70** | 2,852,096,729.38 |
| Non-current assets | | | |
| Available-for-sale financial assets | | **–** | 709,674,267.95 |
| Long-term equity investments | | **2,697,542,552.81** | 2,682,297,961.17 |
| Other equity investments | | **793,450,226.31** | – |
| Fixed assets | *4* | **15,518,961,899.73** | 16,153,724,611.99 |
| Construction in progress | *5* | **1,234,426,411.35** | 1,151,479,563.41 |
| Intangible assets | | **1,865,063,249.38** | 1,888,306,218.94 |
| Long-term prepaid expenses | | **1,520,722.17** | 1,858,660.41 |
| Deferred tax assets | | **198,370,716.74** | 202,160,180.82 |
| Other non-current assets | | **118,432,229.87** | 133,236,678.09 |
| Total non-current assets | | **22,427,768,008.36** | 22,922,738,142.78 |
| Total assets | | **25,777,327,718.06** | 25,774,834,872.16 |

## UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

*30 June 2018*
*RMB*

| **Liabilities and shareholders' equity** | *Note* | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|---|
| Current liabilities | | | |
| Short-term borrowings | *6* | **900,000,000.00** | 1,300,000,000.00 |
| Bills payable and Accounts payable | *7* | **284,831,874.69** | 218,205,613.84 |
| Deposits received | *8* | **–** | 522,476,557.70 |
| Contracts liabilities | *9* | **492,026,563.03** | – |
| Employee benefits payable | | **362,361,106.36** | 343,059,198.72 |
| Taxes payable | *10* | **122,868,093.21** | 101,926,736.87 |
| Other payables | | **1,254,891,573.22** | 1,261,299,757.25 |
| Non-current liabilities due within one year | | **444,824,000.00** | 333,924,000.00 |
| Total current liabilities | | **3,861,803,210.51** | 4,080,891,864.38 |
| Non-current liabilities | | | |
| Long-term borrowings | *11* | **6,317,728,492.98** | 6,490,490,492.98 |
| Long-term payable | | **239,200,000.00** | 239,200,000.00 |
| Long-term Employee benefits payable | | **41,243,714.06** | 48,654,080.25 |
| Provisions | | **33,860,000.00** | 33,860,000.00 |
| Deferred income | | **293,062,752.16** | 311,182,677.12 |
| Deferred income tax liabilities | | **20,943,989.58** | – |
| Total non-current liabilities | | **6,946,038,948.78** | 7,123,387,250.35 |
| Total liabilities | | **10,807,842,159.29** | 11,204,279,114.73 |
| Shareholders' equity | | | |
| Share capital | | **5,587,412,000.00** | 5,587,412,000.00 |
| Capital reserve | | **5,203,519,979.32** | 5,203,519,979.32 |
| Other comprehensive income | | **40,644,199.36** | 1,702,929.18 |
| Special reserve | | **74,587,814.54** | 51,433,165.56 |
| Surplus reserve | | **1,140,530,908.83** | 1,140,530,908.83 |
| Retained profit | | **1,806,359,239.53** | 1,420,731,065.74 |
| Total equity attributable to shareholders of the parent | | **13,853,054,141.58** | 13,405,330,048.63 |
| Minority interests | | **1,116,431,417.19** | 1,165,225,708.80 |
| Total shareholders' equity | | **14,969,485,558.77** | 14,570,555,757.43 |
| Total liabilities and shareholders' equity | | **25,777,327,718.06** | 25,774,834,872.16 |

**UNAUDITED CONSOLIDATED INCOME STATEMENT**
*For the six months ended 30 June 2018*
*RMB*

| | *Note* | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|---|
| Revenue | *12* | **3,512,323,242.56** | 3,393,629,465.02 |
| Less: Operating costs | *12* | **1,970,965,308.99** | 2,098,966,001.33 |
| Tax and surcharges | | **173,026,198.98** | 48,606,875.40 |
| Administrative expenses | | **346,135,425.24** | 394,780,078.02 |
| Financial costs | *13* | **160,827,628.06** | 172,277,960.70 |
| Including: Financial costs | | **178,122,039.27** | 181,136,091.45 |
| Interest income | | **15,447,488.00** | 14,825,257.60 |
| Asset impairment loss | | **60,902,308.29** | 7,451,574.82 |
| Credit impairment loss | | **(20,726,123.31)** | – |
| Add: Other income | | **18,687,644.96** | 47,613,120.49 |
| Investment income | *14* | **78,583,278.02** | 82,368,645.43 |
| Including: investment income from associates and joint ventures | | **69,175,784.01** | 58,013,552.45 |
| Gain in changes in fair value | | **57,222.22** | – |
| Gain in disposal of assets | | **3,852,325.15** | (4,187,213.00) |
| Operating profit | | **922,372,966.66** | 797,341,527.67 |
| Add: Non-operating income | *15* | **8,727,704.91** | 1,816,081.11 |
| Less: Non-operating expenses | | **243,509.85** | 3,078,868.05 |
| Total profit | | **930,857,161.72** | 796,078,740.73 |
| Less: income tax expenses | *16* | **272,505,208.56** | 174,406,994.48 |
| Net profit | | **658,351,953.16** | 621,671,746.25 |
| Classified by business continuity | | | |
| Including: Net profit from continuing operations | | **658,351,953.16** | 621,671,746.25 |
| Net profit from discontinued operations | | **–** | – |
| Classified by ownership | | | |
| Net profit attributable to shareholders of the parent | | **732,047,717.79** | 617,038,690.18 |
| Minority interests | | **(73,695,764.63)** | 4,633,056.07 |

**UNAUDITED CONSOLIDATED INCOME STATEMENT (CONTINUED)**
*For the six months ended 30 June 2018*
*RMB*

| | *Note* | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|---|
| Other comprehensive income, net of tax | | | |
| Other comprehensive income attributable to shareholders of the parent, net of tax | | | |
| Other comprehensive income that can not be reclassified to profit and loss | | | |
| Changes in fair value of other equity investments | | **(126,042,663.24)** | – |
| Other comprehensive income that will be subsequently reclassified to profit and loss | | | |
| Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss | | **(15,001.80)** | – |
| Exchange differences arising from translation of foreign currency denominated financial statement | | **366,344.48** | (1,332,112.39) |
| Other comprehensive income attributable to minority shareholders, net of tax | | **(4,775,996.70)** | – |
| Total comprehensive income | | **527,884,635.90** | 620,339,633.86 |
| Including: | | | |
| Total comprehensive income attributable to shareholders of the parent | | **606,356,397.23** | 615,706,577.79 |
| Total comprehensive income attributable to minority shareholders | | **(78,471,761.33)** | 4,633,056.07 |
| Earnings per share | *17* | | |
| Basic and diluted earnings per share | | **0.13** | 0.12 |

# NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

*30 June 2018*

## I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. (the "Company") is a joint stock company with limited liability incorporated in Hebei province, the People's Republic of China on 31 March 2008. The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 12 December 2013 and the Shanghai Stock Exchange ("SSE") on 16 August 2017 respectively. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province.

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

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

The financial statement has been approved by the board of directors of the Company by resolutions on 29 August 2018.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope is consistent with that of previous year during the accounting period for the six months ended 30 June 2018.

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with "Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the Ministry of Finance. Except for changes in accounting policies, the accounting policies adopted are consistent with the accounting policies adopted when the Group prepared the financial statements for the year ended 2017. These interim financial statements should be read together with the financial statements of the Group for the year ended 2017 prepared pursuant to the Accounting Standards for Business Enterprises.

As of 30 June 2018, the Group's net current liabilities amounted to approximately RMB0.512 billion. In preparing the financial statements, the management has considered the sources of liquidity, and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

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

## III. TAXATION

### 1. Major Categories of Taxes and Respective Tax Rates

| | | |
|---|---|---|
| Value-added tax (“VAT”) | – | The Group is subject to VAT at tax rate of 17% on the taxable sales before 1 May 2018. The VAT rate of the Group's taxable income is 16% after 1 May 2018；The Group's related port service revenues are taxable to output VAT at tax rate of 6%, and is levied after deducting deductible input VAT for the current period. |
| City maintenance and construction tax | – | It is levied at 7% of VAT and business tax paid actually. |
| Enterprise income tax | – | It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences. Income tax rate of overseas subsidiaries is 16.5%. |
| Property tax | – | Property tax on self-occupied properties of the Group is calculated at the applicable tax rate of 1.2% using the tax base of 70% of the initial cost of the properties; lease properties are taxable on the tax base of rental income at the applicable tax rate of 12%. |
| Land use tax | – | It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer. |
| Environmental Protection tax | – | Pursuant to the "Environmental Protection Tax Law of the People's Republic of China" issued by the Ministry of Ecology and Environment of the People's Republic of China on 17 April 2017, from 1 January, 2018, the taxable amount of the Group's taxable pollutants shall be paid in accordance with the applicable taxable amount stipulated by the Environmental Protection Tax Law. |

### 2. Tax Preferences

***Enterprise income tax***

According to the Implementation Rules of the PRC Enterprise Income Tax Law (Order No.512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》) (Guo Shui Fa [2009] No.80), Cangzhou Bohai Port Co., Ltd., Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd. are eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by such companies from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for a tax exemption for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income. Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd. first generated their respective operating income in 2014 and 2015, respectively, and started to be entitled to the tax preferences of enterprise income tax.

## IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and Bank Balances

| | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|
| Cash on hand | **201,426.46** | 480,999.47 |
| Bank deposits | **2,593,896,291.58** | 1,957,804,014.71 |
| Other monetary fund | **43,000,000.00** | 25,000,000.00 |
| | **2,637,097,718.04** | 1,983,285,014.18 |
| Less: Restricted bank deposits | **49,598,181.08** | – |
| Time deposits with maturity of more than three months | **256,000,000.00** | 984,138,360.00 |
| Cash and cash equivalents | **2,331,499,536.96** | 999,146,654.18 |

As at 30 June 2018, the Group held frozen deposits of RMB49,598,181.08 due to the pending lawsuits (31 December 2017：nil).

As at 30 June 2018, the cash and bank balances deposited overseas by the Group were equivalent to RMB61,787,081.17 (31 December 2017: RMB63,118,153.20).

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term time deposits vary from 3 months to 1 year depending on the cash requirements of the Group and earn interest at the respective deposit rates.

### 2. Bills Receivable and Accounts Receivable

| | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|
| Bills Receivable | **198,542,897.01** | 330,915,367.80 |
| Accounts Receivable | **113,321,200.86** | 117,063,250.43 |
| | **311,864,097.87** | 447,978,618.23 |
| Less: Provision for bad debts | **12,859,613.58** | 34,070,096.58 |
| | **299,004,484.29** | 413,908,521.65 |

| | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|
| ***Bills receivable*** | | |
| Commercial acceptance notes | **14,948,854.00** | 27,040,271.00 |
| Bank acceptance notes | **183,594,043.01** | 303,875,096.80 |
| | **198,542,897.01** | 330,915,367.80 |

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

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

| | **30 June 2018 (unaudited)** | | 31 December 2017 | |
|---|---|---|---|---|
| | **Derecognised** | **Not derecognised** | Derecognised | Not derecognised |
| Bank acceptance notes | **2,400,000.00** | **–** | 14,067,335.00 | – |

***Accounts Receivable***

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

An ageing analysis of the accounts receivable is as follows:

| | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|
| Within 1 year | **102,660,256.78** | 73,087,489.98 |
| 1 to 2 years | **2,046,096.29** | 5,134,001.94 |
| 2 to 3 years | **6,222,656.71** | 18,001,849.80 |
| Over 3 years | **2,392,191.08** | 20,839,908.71 |
| | **113,321,200.86** | 117,063,250.43 |
| Less: Provision for bad debts | **12,859,613.58** | 34,070,096.58 |
| | **100,461,587.28** | 82,993,153.85 |

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

| | **Opening balance in the period/year** | **Provision in the current period/year** | **Reversal in the current period/year** | **Write-off in the current period/year** | **Closing balance in the period/year** |
|---|---|---|---|---|---|
| For the six months ended 30 June 2018 (unaudited) | 34,070,096.58 | 1,265,336.40 | (22,475,819.40) | – | 12,859,613.58 |
| 2017 | 25,194,510.22 | 11,451,034.43 | (998,571.67) | (1,576,876.40) | 34,070,096.58 |

As at 30 June 2018, the risk classification of accounts receivable is as follows：

| | **30 June 2018 (Unaudited)** | | | |
|---|---|---|---|---|
| | **Balance** | | **Provision for bad debts** | |
| | **Amount** | **Percentage (%)** | **Amount** | **Percentage of Provision (%)** |
| Provisions for bad debts on individual basis | **6,036,533.39** | **5** | **6,036,533.39** | **100** |
| Provision for bad debts by credit risk characteristics group | **107,284,667.47** | **95** | **6,823,080.19** | **6** |
| | **113,321,200.86** | **100** | **12,859,613.58** | |

As at 31 December 2017, the classification of accounts receivable is disclosed as follows:

| | 31 December 2017 | | | |
|---|---|---|---|---|
| | Balance | | Provision for bad debts | |
| | Amount | Percentage (%) | Amount | Percentage of provision (%) |
| Provision of bad debts made by portfolio of credit risk characteristics | 111,026,717.04 | 95 | 28,033,563.19 | 25 |
| Individually not significant and are provided for bad debts on individual basis | 6,036,533.39 | 5 | 6,036,533.39 | 100 |
| | 117,063,250.43 | 100 | 34,070,096.58 | |

As at 31 December 2017, the Group performed the impairment test in respect of single accounts receivable that was significant, and considered there was no need for the provision for bad debts separately.

The adoption of the aged analysis method in provision for bad debts of receivables is as follows:

| | **30 June 2018(Unaudited)** | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | **Estimated carrying arising from default** | **Expected credit loss ratio(%)** | **Lifetime expected credit loss** | Balance | Provision ratio(%) | Provision for bad debts |
| Within 1 year | **102,660,256.78** | **4** | **4,310,534.04** | 73,087,489.98 | 5 | 3,651,458.48 |
| 1 to 2 years | **1,128,079.90** | **34** | **379,905.21** | 2,256,657.55 | 10 | 225,665.76 |
| 2 to 3 years | **2,727,379.71** | **50** | **1,363,689.86** | 16,465,900.80 | 30 | 4,939,770.24 |
| Over 3 years | **768,951.08** | **100** | **768,951.08** | 19,216,668.71 | 100 | 19,216,668.71 |
| | **107,284,667.47** | | **6,823,080.19** | 111,026,717.04 | | 28,033,563.19 |

For the six months ended 30 June 2018, the provision for bad debts of the Group was RMB1,265,336.40 (2017：RMB11,451,034.43) and the recovered or revised bad debts provision was RMB22,475,819.40(2017：RMB998,571.67).

For the six months ended 30 June 2018, the Group had no accounts receivable actually written off (2017：RMB1,576,876.40).

As of 30 June 2018, the top five amounts of accounts receivable are as follows:

| | **Carrying amount(Unaudited)** | | **Provision for bad debts (Unaudited)** | |
|---|---|---|---|---|
| | **Amount** | **Percentage of total Accounts receivable(%)** | **Amount** | **Percentage of provision (%)** |
| China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司) | **27,286,623.57** | **24.08** | **1,091,464.94** | **4** |
| Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司) | **13,969,170.00** | **12.33** | **558,766.80** | **4** |
| Qinhuangdao COSCO Shipping Container Shipping Agency Co., Ltd. (秦皇島中遠海運集裝箱船務代理有限公司) | **7,467,203.56** | **6.59** | **298,688.14** | **4** |
| Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) | **6,036,533.39** | **5.33** | **6,036,533.39** | **100** |
| Suizhong Tianyu Port Shipping Services Co., Ltd. （綏中天予港口船舶服務有限公司） | **5,864,327.00** | **5.17** | **234,573.08** | **4** |
| | **60,623,857.52** | **53.50** | **8,220,026.35** | |

As of 31 December 2017, the top five amounts of accounts receivable are as follows:

| | Carrying amount | | Provision for bad debts | |
|---|---|---|---|---|
| | Amount | Percentage (%) | Amount | Percentage of provision (%) |
| China Shougang International Trade Engineering Co., Ltd. (中國首鋼國際貿易工程有限公司) | 33,005,649.06 | 28.19 | 23,234,358.32 | 70 |
| Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司) | 23,433,014.00 | 20.02 | 1,171,650.70 | 5 |
| China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司) | 16,276,742.00 | 13.90 | 813,837.10 | 5 |
| Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) | 6,036,533.39 | 5.16 | 6,036,533.39 | 100 |
| Qinhuangdao COSCO Shipping Container Shipping Agency Co., Ltd. (秦皇島中遠海運集裝箱船務代理有限公司) | 3,966,130.82 | 3.39 | 198,306.54 | 5 |
| | 82,718,069.27 | 70.66 | 31,454,686.05 | |

## 3. Inventories

| | 30 June 2018(Unaudited) | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | **Balance** | **Provision for impairment** | **Carrying amount** | Balance | Provision for impairment | Carrying amount |
| Materials | **63,360,163.42** | **4,409,741.30** | **58,950,422.12** | 68,813,086.75 | – | 68,813,086.75 |
| Fuels | **7,824,336.74** | **–** | **7,824,336.74** | 10,370,084.33 | – | 10,370,084.33 |
| Spare parts | **126,893,927.07** | **3,434,499.26** | **123,459,427.81** | 116,956,141.46 | – | 116,956,141.46 |
| Low-cost consumables | **3,226,084.88** | **25,899.89** | **3,200,184.99** | 3,753,579.50 | – | 3,753,579.50 |
| Finished goods | **887,121.52** | **–** | **887,121.52** | 329,634.52 | – | 329,634.52 |
| | **202,191,633.63** | **7,870,140.45** | **194,321,493.18** | 200,222,526.56 | – | 200,222,526.56 |

Change in allowance for inventories is as follows:

For the six months ended 30 June 2018 (unaudited)

| | **Opening balance** | **Provision for the period** | **Decrease in the period** | **Closing balance** |
|---|---|---|---|---|
| Materials | **–** | **4,409,741.30** | **–** | **4,409,741.30** |
| Spare parts | **–** | **3,434,499.26** | **–** | **3,434,499.26** |
| Low-cost consumables | **–** | **25,899.89** | **–** | **25,899.89** |
| | **–** | **7,870,140.45** | **–** | **7,870,140.45** |

*Note:* According to the 19th meeting of the third board of directors of the Company held on 30 May 2018, the ore branch of the Company was cancelled. The Company made a provision for the inventory of the ore branch of RMB7,870,140.45.

In 2017, the Group did not make and reverse the provision for decline in value of inventories.

## 4. Fixed Assets

| | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|
| Fixed assets | 15,517,636,276.42 | 16,153,724,611.99 |
| Disposal of fixed assets | 1,325,623.31 | – |
| | 15,518,961,899.73 | 16,153,724,611.99 |

**For the six months ended 30 June 2018 (unaudited)**

| | Buildings | Terminal facilities | Machinery and equipment | Vessels and transportation equipment | Office and other equipment | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| 1 January 2018 | 5,421,413,379.40 | 8,993,254,112.51 | 10,118,169,009.29 | 517,201,010.07 | 234,284,040.39 | 25,284,321,551.66 |
| Purchase | – | – | – | – | 125,489.27 | 125,489.27 |
| Transferred from construction in progress | 6,480,714.35 | 1,078,223.04 | 10,862,385.90 | 907,271.86 | 2,714,412.36 | 22,043,007.51 |
| Reclassification | (9,847,907.35) | 1,072,299.18 | 5,651,103.70 | 919,658.12 | 2,204,846.35 | – |
| Transferred to construction in progress due to renovation and retrofitting | (182,721.00) | – | – | – | – | (182,721.00) |
| Disposal for the year | (2,129,542.39) | – | (9,404,680.09) | (7,264,961.00) | (4,877,458.16) | (23,676,641.64) |
| 30 June 2018 | 5,415,733,923.01 | 8,995,404,634.73 | 10,125,277,818.80 | 511,762,979.05 | 234,451,330.21 | 25,282,630,685.80 |
| Accumulated depreciation 1 January 2018 | 1,225,351,460.44 | 1,888,851,193.78 | 5,465,549,467.04 | 367,481,251.10 | 177,600,203.35 | 9,124,833,575.71 |
| Provision for the period *(Note 2)* | 115,426,878.23 | 175,637,608.77 | 291,540,783.88 | 13,797,377.22 | 7,034,570.21 | 603,437,218.31 |
| Reclassification | (60,674.45) | 60,674.46 | (520,264.29) | – | 520,264.28 | – |
| Transferred to construction in progress due to renovation and retrofitting | (55,703.99) | – | – | – | – | (55,703.99) |
| Disposal for the year | (1,272,918.78) | – | (8,965,113.52) | (7,047,011.93) | (4,731,168.22) | (22,016,212.45) |
| 30 June 2018 | 1,339,389,041.45 | 2,064,549,477.01 | 5,747,604,873.11 | 374,231,616.39 | 180,423,869.62 | 9,706,198,877.58 |
| Provision for impairment | | | | | | |
| 1 January 2018 | – | – | 5,676,039.01 | – | 87,324.95 | 5,763,363.96 |
| Provision for the period *(Note 1)* | – | – | 53,032,167.84 | – | – | 53,032,167.84 |
| 30 June 2018 | – | – | 58,708,206.85 | – | 87,324.95 | 58,795,531.80 |
| Carrying amounts of fixed assets | | | | | | |
| 30 June 2018 | 4,076,344,881.56 | 6,930,855,157.72 | 4,318,964,738.84 | 137,531,362.66 | 53,940,135.64 | 15,517,636,276.42 |
| 1 January 2018 | 4,196,061,918.96 | 7,104,402,918.73 | 4,646,943,503.24 | 149,719,758.97 | 56,596,512.09 | 16,153,724,611.99 |

*Note 1:* According to the 19th meeting of the third board of directors of the Company held on 30 May 2018, the ore branch of the Company was cancelled. The Company made a provision for the impairment of the fixed assets of the ore branch of RMB53,032,167.84.

2017

| | Buildings | Terminal facilities | Machinery and equipment | Vessels and transportation equipment | Office and other equipment | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| 1 January 2017 | 3,941,088,335.69 | 8,725,532,732.11 | 8,458,211,590.88 | 462,831,564.27 | 232,221,889.75 | 21,819,886,112.70 |
| Purchase | – | – | 105,408.21 | 259,245.01 | 435,060.25 | 799,713.47 |
| Transferred from construction in progress | 1,590,472,980.43 | 1,422,601,223.33 | 2,316,145,048.54 | 61,912,556.51 | 17,793,170.33 | 5,408,924,979.14 |
| Reclassification | – | – | 609,776.68 | – | (609,776.68) | – |
| Transferred to construction in progress due to renovation and retrofitting | – | – | (5,750,650.98) | – | – | (5,750,650.98) |
| Disposal of a subsidiary | (106,248,359.72) | (1,154,879,842.93) | (596,287,462.18) | (684,307.00) | (6,717,178.48) | (1,864,817,150.31) |
| Disposal for the year | (1,694,493.00) | – | (54,864,701.86) | (7,118,048.72) | (8,839,124.78) | (72,516,368.36) |
| Other decrease | (2,205,084.00) | – | – | – | – | (2,205,084.00) |
| 31 December 2017 | 5,421,413,379.40 | 8,993,254,112.51 | 10,118,169,009.29 | 517,201,010.07 | 234,284,040.39 | 25,284,321,551.66 |
| Accumulated depreciation | | | | | | |
| 1 January 2017 | 1,045,809,413.14 | 1,746,751,058.68 | 5,100,523,460.76 | 343,010,055.31 | 174,796,767.10 | 8,410,890,754.99 |
| Provision for the year *(Note 2)* | 196,167,568.61 | 339,620,876.90 | 558,028,146.22 | 31,855,680.87 | 14,470,882.35 | 1,140,143,154.95 |
| Reclassification | – | – | 112,892.39 | – | (112,892.39) | – |
| Transferred to construction in progress due to renovation and retrofitting | – | – | (3,880,635.77) | – | – | (3,880,635.77) |
| Disposal of a subsidiary | (15,647,773.16) | (197,520,741.80) | (137,454,359.59) | (603,012.26) | (3,010,250.83) | (354,236,137.64) |
| Disposal for the year | (977,748.15) | – | (51,780,036.97) | (6,781,472.82) | (8,544,302.88) | (68,083,560.82) |
| 31 December 2017 | 1,225,351,460.44 | 1,888,851,193.78 | 5,465,549,467.04 | 367,481,251.10 | 177,600,203.35 | 9,124,833,575.71 |
| Provision for impairment | | | | | | |
| 1 January 2017 | – | – | 6,162,139.84 | – | 87,324.95 | 6,249,464.79 |
| Write off for the year | – | – | (486,100.83) | – | – | (486,100.83) |
| 31 December 2017 | – | – | 5,676,039.01 | – | 87,324.95 | 5,763,363.96 |
| Carrying amounts of fixed assets | | | | | | |
| 31 December 2017 | 4,196,061,918.96 | 7,104,402,918.73 | 4,646,943,503.24 | 149,719,758.97 | 56,596,512.09 | 16,153,724,611.99 |
| 1 January 2017 | 2,895,278,922.55 | 6,978,781,673.43 | 3,351,525,990.28 | 119,821,508.96 | 57,337,797.70 | 13,402,745,892.92 |

*Note 2:* During the six months ended 30 June 2018, depreciation of RMB101,425.44 (2017: RMB563,747.41) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 30 June 2018, the Group has no fixed assets which were temporarily idle (31 December 2017: nil).

As at 30 June 2018, the Group is applying for certificates of property ownership for buildings with a book value of RMB726,957,877.20 (31 December 2017: RMB718,349,454.87).

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

| | **30 June 2018 (Unaudited)** | 31 December 2017 |
|---|---|---|
| Machinery and equipment | **41,250,902.12** | 47,946,923.97 |
| Terminal facilities | **21,214,761.77** | 19,378,930.23 |
| Buildings | **14,030,086.10** | 15,789,232.49 |
| Office and other equipment | **29,518.97** | 36,084.24 |
| | **76,525,268.96** | 83,151,170.93 |

## 5. Construction in Progress

| | **30 June 2018(Unaudited)** | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | **Balance** | **Provision for impairment** | **Carrying amount** | Balance | Provision for impairment | Carrying amount |
| Phase 1 of metal ores terminal (expansion) project in the bulk cargo area of Huanghua Port | **666,197,537.54** | **–** | **666,197,537.54** | 665,841,637.51 | – | 665,841,637.51 |
| Phase 2 of coal terminal project in Caofeidian | **280,070,776.21** | **–** | **280,070,776.21** | 236,484,319.46 | – | 236,484,319.46 |
| Commencing project of complex port zone in Huanghua Port | **151,130,381.64** | **–** | **151,130,381.64** | 146,776,135.21 | – | 146,776,135.21 |
| Reclaimer Update for Phase Two coal project | **79,599,954.57** | **–** | **79,599,954.57** | 57,606,143.24 | – | 57,606,143.24 |
| Phase 1 of crude oil terminal of Huanghua Port | **16,552,828.08** | **–** | **16,552,828.08** | 12,925,493.18 | – | 12,925,493.18 |
| Others | **40,874,933.31** | **–** | **40,874,933.31** | 31,845,834.81 | – | 31,845,834.81 |
| Total | **1,234,426,411.35** | **–** | **1,234,426,411.35** | 1,151,479,563.41 | – | 1,151,479,563.41 |

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

**For the six months ended 30 June 2018 (unaudited)**

| | Budget | Opening Balance | Increase in the year | Transferred from fixed assets during the period | Transferred to fixed assets and intangible assets during the year | Closing balance | Source of funds | Percentage of accumulated project input to budget (%) |
|---|---|---|---|---|---|---|---|---|
| Phase 2 of coal terminal project in Caofeidian | 5,428,903,500.00 | 236,484,319.46 | 43,626,461.65 | – | (40,004.90) | 280,070,776.21 | Loans from financial institutes and self-owned capital | 98 |
| Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port | 3,050,861,400.00 | 665,841,637.51 | 355,900.03 | – | – | 666,197,537.54 | Fund raised, loans from financial institutes and self-owned capital | 22 |
| Commencing project of complex port zone in Huanghua Port | 7,555,702,691.90 | 146,776,135.21 | 4,354,246.43 | – | – | 151,130,381.64 | Loans from financial institutes and self-owned capital | 88 |
| Reclaimer Update for Phase Two coal project | 166,510,000.00 | 57,606,143.24 | 21,993,811.33 | – | – | 79,599,954.57 | Fund raised | 48 |
| Phase 1 of oil terminal project in Huanghua Port | 2,987,898,500.00 | 12,925,493.18 | 3,627,334.90 | – | – | 16,552,828.08 | Self-owned capital | 1 |
| Others | 1,650,369,450.00 | 31,845,834.81 | 31,430,041.37 | 127,017.01 | (22,527,959.88) | 40,874,933.31 | | |
| Total | 20,840,245,541.90 | 1,151,479,563.41 | 105,387,795.71 | 127,017.01 | (22,567,964.78) | 1,234,426,411.35 | | |

2017

| | Budget | Opening balance | Increase in the year | Transferred from fixed assets and intangible assets during the year | Transferred to fixed assets and intangible assets during the year | Other decrease | Closing balance | Source of funds | Percentage of accumulated project input to budget(%) |
|---|---|---|---|---|---|---|---|---|---|
| Phase 2 of coal terminal project in Caofeidian | 5,428,903,500.00 | 4,896,360,788.56 | 311,688,972.77 | – | (4,971,565,441.87) | – | 236,484,319.46 | Loans from financial institutes and self-owned capital | 97 |
| Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port | 3,050,861,400.00 | 643,570,588.45 | 22,778,151.64 | – | (507,102.58) | – | 665,841,637.51 | Fund raised, loans from financial institutes and self-owned capital | 22 |
| Commencing project of complex port zone in Huanghua Port | 7,555,702,691.90 | 111,326,263.42 | 147,074,157.86 | – | (94,253,211.58) | (17,371,074.49) | 146,776,135.21 | Loans from financial institutes and self-owned capital | 88 |
| Construction project of wind-proof net for coal stacking yards | 378,000,000.00 | 34,538,527.23 | 19,719,783.80 | – | (53,965,701.03) | – | 292,610.00 | Self-owned capital | 78 |
| Wastewater treatment project of Phase One and Phase Two coal project | 33,790,000.00 | 29,741,243.00 | 345,537.74 | – | (29,745,743.00) | – | 341,037.74 | Self-owned capital | 89 |
| Reclaimer Update for Phase Two coal project | 166,510,000.00 | 993,961.34 | 56,612,181.90 | – | – | – | 57,606,143.24 | Fund raised | 35 |
| Reform of control system for high and low voltage cabinets and belt conveyors for Phase One coal project | 39,600,000.00 | 18,643,970.54 | 3,220,591.70 | – | (21,864,562.24) | – | – | Fund raised | 55 |
| Renovation project for dry fog dust suppression of dumpers | 19,480,000.00 | 14,537,587.51 | 46,132.08 | – | (13,923,076.58) | (660,643.01) | – | Self-owned capital | 75 |
| Phase 1 of oil terminal project in Huanghua Port | 2,987,898,500.00 | 17,024,607.34 | 6,637,673.88 | – | – | (10,736,788.04) | 12,925,493.18 | Self-owned capital | 1 |
| Others | 1,075,176,292.00 | 64,256,417.99 | 220,782,844.26 | 1,870,015.21 | (235,091,329.48) | (20,605,760.91) | 31,212,187.07 | | |
| Total | 20,735,922,383.90 | 5,830,993,955.38 | 788,906,027.63 | 1,870,015.21 | (5,420,916,168.36) | (49,374,266.45) | 1,151,479,563.41 | | |

**For the six months ended 30 June 2018 (unaudited)**

| | **Progress of project** | **Accumulated amounts of capitalized interest** | **Including: capitalized interest for the period** | **Ratio of capitalised interest for the period** |
|---|---|---|---|---|
| Phase 2 of coal terminal project in Caofeidian | **98%** | **838,827,230.61** | **1,304,008.78** | **4.90%** |

2017

| | Progress of project | Accumulated amounts of capitalized interest | Including: capitalized interest for the year | Ratio of capitalised interest for the year |
|---|---|---|---|---|
| Phase 2 of coal terminal project in Caofeidian | 97% | 837,523,221.83 | 60,977,478.73 | 4.41%-5.15% |

## 6. Short-term Borrowings

| | **30 June 2018 (Unaudited)** | 31 December 2017 |
|---|---|---|
| Unsecured borrowings | **900,000,000.00** | 1,300,000,000.00 |

As at 30 June 2018, the interest rate of the above borrowings ranged from 3.92% to 4.57% per annum (31 December 2017: 3.92%).

As at 30 June 2018, the Group has no overdue borrowings (31 December 2017: nil).

## 7. Bills Payable and Accounts Payable

As at 30 June 2018, the Group has no bills payable (31 December 2017: nil).

| | **30 June 2018 (unaudited)** | 31 December 2017 |
|---|---|---|
| Accounts payable | **284,831,874.69** | 218,205,613.84 |

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

An ageing analysis of accounts payable is as follows:

| | 30 June 2018 (Unaudited) | 31 December 2017 |
|---|---|---|
| Within 1 year | **276,800,988.92** | 209,846,241.10 |
| 1 to 2 years | **3,656,862.47** | 3,126,639.63 |
| 2 to 3 years | **696,020.00** | 2,090,676.60 |
| Over 3 years | **3,678,003.30** | 3,142,056.51 |
| | **284,831,874.69** | 218,205,613.84 |

As at 30 June 2018, the Group had no significant accounts payable aging more than 1 year (31 December 2017: nil).

**8. Deposits Received**

| | 30 June 2018 (Unaudited) | 31 December 2017 |
|---|---|---|
| Port handling fees | **–** | 520,003,701.25 |
| Weighing fees | **–** | 2,363,852.37 |
| Others | **–** | 109,004.08 |
| | **–** | 522,476,557.70 |

As at 31 December 2017, the Group had no significant deposits received aging more than 1 year.

**9. Contract liabilities**

| | 30 June 2018 (Unaudited) | 31 December 2017 |
|---|---|---|
| Port handling fees | **489,161,355.68** | – |
| Weighing fees | **2,796,595.32** | – |
| Others | **68,612.03** | – |
| | **492,026,563.03** | – |

**10. Taxes payable**

| | 30 June 2018 (Unaudited) | 31 December 2017 |
|---|---|---|
| VAT | **17,224,126.40** | 229,287.12 |
| Enterprise income tax | **32,688,811.98** | 90,622,484.71 |
| Individual income tax | **3,911,788.85** | 10,925,227.91 |
| Environmental protection taxes (Note III, Taxes) | **66,914,436.28** | – |
| City maintenance and construction tax | **1,209,011.46** | 21,613.41 |
| Education surcharge | **863,579.61** | 15,438.16 |
| Others | **56,338.63** | 112,685.56 |
| | **122,868,093.21** | 101,926,736.87 |

## 11. Long-term borrowings

| | **30 June 2018 (Unaudited)** | 31 December 2017 |
|---|---|---|
| Unsecured borrowings | **6,762,152,492.98** | 6,824,014,492.98 |
| Less: long-term borrowings due within one year | **444,424,000.00** | 333,524,000.00 |
| Non-current portion | **6,317,728,492.98** | 6,490,490,492.98 |

As at 30 June 2018, the interest rate of the above borrowings ranged from 4.28%-5.15% per annum (31 December 2017: 4.28%-5.15%).

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

| | **30 June 2018 (Unaudited)** | 31 December 2017 |
|---|---|---|
| Within 1 year (including 1 year) or repayable on demand | **444,424,000.00** | 333,524,000.00 |
| Within 2 years (including 2 years) | **664,418,949.00** | 615,418,949.00 |
| Within 3 to 5 years (including 3 years and 5 years) | **2,538,807,198.00** | 2,461,067,198.00 |
| Over 5 years | **3,114,502,345.98** | 3,414,004,345.98 |
| | **6,762,152,492.98** | 6,824,014,492.98 |

## 12. Operating Revenue and Cost

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Revenue from the principal operations | **3,501,691,979.77** | 3,389,039,570.76 |
| Revenue from other operations | **10,631,262.79** | 4,589,894.26 |
| | **3,512,323,242.56** | 3,393,629,465.02 |

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Cost of the principal operations | **1,968,511,207.83** | 2,098,374,091.05 |
| Cost of other operations | **2,454,101.16** | 591,910.28 |
| | **1,970,965,308.99** | 2,098,966,001.33 |

Revenue is as follows:

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Revenue from service in relation to coal and relevant products | **2,648,986,031.49** | 2,462,059,961.48 |
| Revenue from service in relation to metal ore and relevant products | **576,083,806.56** | 618,398,613.80 |
| Revenue from service in relation to general and other cargoes | **71,451,545.48** | 94,956,502.28 |
| Revenue from container service | **40,656,786.89** | 62,032,102.65 |
| Revenue from service in relation to liquefied cargoes | **29,580,969.87** | 33,351,974.35 |
| Revenue from others | **145,564,102.27** | 122,830,310.46 |
| | **3,512,323,242.56** | 3,393,629,465.02 |

## 13. Financial Cost

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Interest expenses | **179,908,359.18** | 265,113,866.06 |
| Including: interest on bank loans repayable within 5 years | **109,929,447.98** | 187,199,473.49 |
| interest on other loans | **69,978,911.20** | 77,914,392.57 |
| Less: interest income | **15,447,488.00** | 14,825,257.60 |
| Less: capitalised interest | **1,786,319.91** | 83,977,774.61 |
| Foreign exchange (gain)/loss | **(2,073,890.34)** | 5,722,962.23 |
| Others | **226,967.13** | 244,164.62 |
| | **160,827,628.06** | 172,277,960.70 |

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

## 14. Investment Income

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Dividend income from investment in equity instruments at fair value through other comprehensive income | **6,920,518.48** | 4,172,048.94 |
| Investment income generated from disposal of subsidiaries | **–** | 18,707,258.64 |
| Income from long-term equity investments under equity method | **69,175,784.01** | 58,013,552.45 |
| Including: investment income from associates | **76,315,263.25** | 68,762,281.35 |
| investment income from joint ventures | **(7,139,479.24)** | (10,748,728.90) |
| Investment income from the disposal of financial assets at fair value through profit or loss | **2,486,975.53** | 1,475,785.40 |
| | **78,583,278.02** | 82,368,645.43 |

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

## 15. Non-operating Income

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Gains from spoilage and obsolescence of non-current assets | **4,918,426.71** | 255,748.32 |
| Others | **3,809,278.20** | 1,560,332.79 |
| | **8,727,704.91** | 1,816,081.11 |

## 16. Income Tax Expense

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Current income tax expenses | **268,715,744.48** | 154,618,560.86 |
| Deferred income tax expenses | **3,789,464.08** | 19,788,433.62 |
| | **272,505,208.56** | 174,406,994.48 |

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

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Total profit | **930,857,161.72** | 796,078,740.73 |
| Income tax expenses calculated at the statutory tax rate | **232,714,290.43** | 199,019,685.18 |
| Effect of different tax rates of subsidiaries | **(14,219,524.85)** | (9,121,183.10) |
| Income not subject to tax | **(1,730,129.62)** | (1,043,012.24) |
| Investment income from associates and joint ventures | **(17,293,946.00)** | (14,503,388.11) |
| Expenses not deductible for tax | **5,886,908.90** | 578,561.89 |
| Unrecognised deductible losses of previous periods | **(306,825.35)** | (163,077.37) |
| Unrecognised deductible temporary difference | **53,407,773.26** | 818,413.27 |
| Adjustments in respect of income tax of previous periods | **(4,934,100.57)** | 1,452,175.84 |
| Unrecognized deductible temporary differences | **15,701,156.05** | 819,243.37 |
| Others | **3,279,606.31** | (3,450,424.25) |
| Income tax expenses calculated at the Group's effective tax rate | **272,505,208.56** | 174,406,994.48 |

## 17. Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

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

| | **For the six months ended 30 June 2018 (unaudited)** | For the six months ended 30 June 2017 (unaudited) |
|---|---|---|
| Earnings | | |
| Net profit for the period attributable to ordinary shareholders of the Company | **732,047,717.79** | 617,038,690.18 |
| Shares | | |
| Weighted average number of ordinary shares in issue of the Company | **5,587,412,000.00** | 5,029,412,000.00 |

For the six months ended 30 June 2018, the Company had no dilutive potential ordinary shares in issue (2017: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### (I) Industry Overview

### *(1) General Situation*

In the first half of 2018, the PRC's economy maintained stable growth with continuous optimization and upgrade of economic structure and significant growth of new momentum, which showed an overall steady upward trend. The GDP recorded a growth rate of 6.8%, and has been growing within a mid-high range of 6.7% to 6.9% for twelve consecutive quarters

### *(2) Overview of Port Industry in the PRC*

In the first half of 2018, the transportation business in major ports of China operated in a stable manner, both port cargo throughput and cargo throughput of foreign trade continued to grow, and the container throughput grew at a faster pace. According to the statistics from the Ministry of Transport of the PRC, during the period from January to June 2018, the throughput of cargoes in ports above designated size in China reached 6,542 million tonnes, representing an increase of 2.4% as compared with the corresponding period of 2017, of which, coastal ports recorded throughput of 4,579 million tonnes, representing a year-on-year increase of 4.3% as compared with the corresponding period of 2017.

For coal business, affected by the robust demand of electricity from industrial sector, high temperature, replacement of fossil fuel with electricity and other relevant factors, power generation continued to grow at a fast pace, and the increase in demand of coal driven by the economic fundamentals was better than expected. In the first half of the year, the capacity cut policy in coal industry gradually shifted to orderly release of advanced capacity of coal production, which led to the increase in both supply and demand in the market. In the first half of the year, the raw coal production of the enterprises above designated size reached 1,700 million tonnes, representing a year-on-year increase of 3.9%, the import volume of coal reached 150 million tonnes, representing a year-on-year increase of 9.9%. The domestic traded coal shipped and foreign traded coal unloaded amounted to 430 million tonnes in aggregate, representing a year-on-year increase of 1.47%; of which, the domestic traded coal shipped amounted to 370 million tonnes, representing a year-on-year increase of 1.3%; and the foreign traded coal unloaded amounted to 60 million tonnes, representing a year-on-year increase of 2.5%.

For iron ore, the situation of steel industry in China continued to improve with increase in daily average production volume of crude steel in major steel enterprises. In the first half of the year, the production volume of crude steel in China amounted to 451 million tonnes, representing a year-on-year increase of 6.0%, and the amount of imported iron ores and concentrates was 531 million tonnes, representing a year-on-year decrease of 1.6%, which showed a slowdown in growth. The sufficient supply of iron ores in steel factories in China led to high level of inventory of iron ores at the ports. Demand of imported iron ores remained sluggish due to the ongoing implementation of capacity cut in steel industry. As such, the amount of unloaded iron ores at the ports remained largely the same as that in the corresponding period of 2017 with unloaded imported iron ores of 470 million tonnes, representing a year-on-year decrease of 0.1%.

For crude oil, in the first half of the year, the production output of crude oil in China amounted to 94 million tonnes, representing a year-on-year decrease of 2.0%, the processed crude oil reached 300 million tonnes, representing a year-on-year increase of 8.9%. Among the major refined oils, the production volume of gasoline, kerosene and diesel recorded year-on-year growth of 6.0%, 15.0% and 1.7%, respectively. The overall throughput of crude oil at coastal ports decreased, the crude oil transportation market remained stable, and the refined oil transportation market improved.

***(Source: Ministry of Transport, National Bureau of Statistics, National Development and Reform Commission website, website of the General Administration of Customs of the PRC and Shanghai Shipping Exchange)***

## (II) Results of Operation and Financial Performance

### *(1) Revenue*

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

During the Reporting Period, the revenue of the Group amounted to RMB3,512,323 thousand, representing an increase of RMB118,694 thousand or 3.50% as compared with the revenue of RMB3,393,629 thousand in the corresponding period of 2017. Such increase was mainly attributable to firstly, the recovery of coal operating rates; secondly, the year-on-year increase in the revenue led by the increase in throughput in the subsidiaries Cangzhou Mineral Port and Caofeidian Coal Port; thirdly, the year-on-year decrease in the revenue of the subsidiary Cangzhou Bohai due to the ban on coal transportation and the disposal of container handling business during the corresponding period of 2017.

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

| | **For the six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | | 2017 | | | |
| | **Revenue *(RMB'000)*** | **Percentage of total revenue *(%)*** | Revenue *(RMB'000)* | Percentage of total revenue *(%)* | Increase/ (decrease) *(RMB'000)* | Increase/ (decrease) *(%)* |
| Dry bulk | **3,225,070** | **91.82** | 3,080,459 | 90.77 | 144,611 | 4.69 |
| – Coal | **2,648,986** | **75.42** | 2,462,060 | 72.55 | 186,926 | 7.59 |
| – Metal ores | **576,084** | **16.40** | 618,399 | 18.22 | (42,315) | (6.84) |
| Oil and liquefied chemicals | **29,581** | **0.84** | 33,352 | 0.98 | (3,771) | (11.31) |
| Container | **40,657** | **1.16** | 62,032 | 1.83 | (21,375) | (34.46) |
| General and other cargoes | **71,452** | **2.04** | 94,957 | 2.80 | (23,505) | (24.75) |
| Others | **145,563** | **4.14** | 122,830 | 3.62 | 22,733 | 18.51 |
| Total | **3,512,323** | **100.00** | 3,393,629 | 100.00 | 118,693 | 3.50 |

### *(2) Operating Costs*

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

During the Reporting Period, the operating costs of the Group amounted to RMB1,970,965 thousand, representing a decrease of RMB128,001 thousand or 6.10% as compared with the operating costs of RMB2,098,966 thousand in the corresponding period of 2017. Such decrease was mainly attributable to the year-on-year decrease in the labour cost of the Group and the fact that the environmental protection and sewage charge was no longer included in the operating cost after being replaced with environmental protection tax in 2018.

### *(3) Gross Profit Margin*

During the Reporting Period, the gross profit of the Group amounted to RMB1,541,358 thousand, representing an increase of RMB246,695 thousand or 19.05% as compared with the gross profit of RMB1,294,663 thousand in the corresponding period of 2017. The gross profit margin of the Group was 43.88% for the Reporting Period, representing a year-on-year increase of approximately 5.73 percentage points as compared with 38.15% in the corresponding period in 2017. Such increase was mainly due to the year-on-year increase in the revenue and year-on-year decrease in operating cost, resulting in the situation that the increase in gross profit was greater than the increase in revenue.

### *(4) Segment Analysis (Business Review)*

During the Reporting Period, the Group achieved a total cargo throughput of 191.43 million tonnes, representing an increase of 2.58 million tonnes or 1.37%, as compared with the throughput of 188.85 million tonnes in the corresponding period of 2017. The throughputs generated from each of the ports which we operate are as follows:

| | **For the six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | | 2017 | | | |
| | **Throughput** *(million tonnes)* | **Percentage of total throughput** *(%)* | Throughput *(million tonnes)* | Percentage of total throughput *(%)* | Increase/ (decrease) *(million tonnes)* | Increase/ (decrease) *(%)* |
| Qinhuangdao Port | **117.44** | **61.35** | 117.54 | 62.24 | (0.10) | (0.09) |
| Caofeidian Port | **43.17** | **22.55** | 39.47 | 20.90 | 3.70 | 9.37 |
| Huanghua Port | **30.82** | **16.10** | 31.84 | 16.86 | (1.02) | (3.20) |
| Total | **191.43** | **100.00** | 188.85 | 100.00 | 2.58 | 1.37 |

During the Reporting Period, the Group achieved a cargo throughput of 117.44 million tonnes in Qinhuangdao Port, representing a decrease of 0.10 million tonnes or 0.09% from 117.54 million tonnes for the corresponding period of 2017. The decrease was mainly due to the fact that as required by the national policy of environmental protection, the production and transportation of upstream cargoes and port operation were subject to more stringent control, and the operation efficiency of ports was affected by the frequent adverse sea conditions, which led to the year-on-year decrease in cargo throughput of Qinhuangdao Port.

The Group achieved a cargo throughput of 43.17 million tonnes in Caofeidian Port, representing an increase of 3.70 million tonnes or 9.37% from 39.47 million tonnes for the corresponding period of 2017. The increase was mainly due to the significant increase in coal throughput of Caofeidian Coal Port, a subsidiary of the Company, which was included in the statistics of total throughput.

The Group achieved a cargo throughput of 30.82 million tonnes in Huanghua Port, representing a decrease of 1.02 million tonnes or 3.20% from 31.84 million tonnes for the corresponding period of 2017. The decrease was mainly due to (i) the policy of prohibition of coal transfer by truck, the shipment of coal from Huanghua Port under the Group decreased significantly; and (ii) the policy of environmental protection, the production activities of steel enterprises in the hinterland of Hunaghua Port were stopped or curtailed, which led to the decrease in demand for metal ores.

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

| | **For the six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | | 2017 | | | |
| | **Throughput** *(million tonnes)* | **Percentage of total throughput** *(%)* | Throughput *(million tonnes)* | Percentage of total throughput *(%)* | Increase/ (decrease) *(million tonnes)* | Increase/ (decrease) *(%)* |
| Dry bulk | **176.70** | **92.30** | 175.88 | 93.13 | 0.82 | 0.47 |
| – Coal | **122.35** | **63.91** | 115.65 | 61.24 | 6.70 | 5.79 |
| – Metal ore | **54.35** | **28.39** | 60.22 | 31.89 | (5.87) | (9.75) |
| Oil and liquefied chemicals | **1.22** | **0.64** | 1.58 | 0.83 | (0.36) | (22.78) |
| Container | **9.44** | **4.93** | 7.10 | 3.76 | 2.34 | 32.96 |
| General and other cargoes | **4.07** | **2.13** | 4.30 | 2.28 | (0.23) | (5.35) |
| Total | **191.43** | **100.00** | 188.85 | 100.00 | 2.58 | 1.37 |

*(i) Dry bulk cargoes handling services*

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Reporting Period, the Group recorded a total dry bulk throughput of 176.70 million tonnes, representing an increase of 0.82 million tonnes or 0.47% from 175.88 million tonnes for the corresponding period of 2017.

During the Reporting Period, the Group achieved a total coal throughput of 122.35 million tonnes, representing an increase of 6.70 million tonnes or 5.79% from 115.65 million tonnes for the corresponding period of 2017. Such increase was mainly due to the fact that the coal throughput of Caofeidian Coal Port, a subsidiary of the Company, recorded a higher increase and the throughout was consolidated into the throughout data.

During the Reporting Period, the Group achieved a total metal ores throughput of 54.35 million tonnes, representing a decrease of 5.87 million tonnes or 9.75% from 60.22 million tonnes for the corresponding period of 2017. Such decrease was mainly due to the fact that the steel enterprise in the hinterland of the Group stopped and limited its production because of environment protection policies and that stopped production and relocation of steelworks in the hinterland of Qinhuangdao Port resulted in decrease in ore demand.

*(ii) Oil and liquefied chemicals handling services*

During the Reporting Period, the Group recorded a total oil and liquefied chemicals throughput of 1.22 million tonnes, representing a decrease of 0.36 million tonnes or 22.78% from 1.58 million tonnes for the corresponding period of 2017. The decrease was mainly due to the fact that the stopped production and maintenance of the relevant enterprises in the port hinterland of the Group caused larger impact on the import volume of crude oil.

*(iii) Container services*

During the Reporting Period, the Group recorded a total container throughput of 663,838 TEU, equivalent to a throughput of 9.44 million tonnes, representing increases in the number of containers handled and throughput of 88,204 TEU and 2.34 million tonnes, respectively, (i.e. 15.32% and 32.96%, respectively) as compared with the number of containers handled and throughput of 575,634 TEU and 7.10 million tonnes for the corresponding period of 2017, respectively. Such increase was mainly due to the fact that the Group cooperated with shipping and railway companies to develop remote resources, further develop railway trains such as lump coal, actively expand international sea-to-rail link project, and added internal and foreign trade routes to promote continuous growth of containers throughput.

*(iv) General cargoes handling services*

During the Reporting Period, the Group recorded a total throughput of general and other cargoes of 4.07 million tonnes, representing a decrease of 0.23 million tonnes or 5.35% from 4.30 million tonnes for the corresponding period of 2017. The decrease in general cargoes handling throughput was mainly due to the decrease in demand for imports and exports of relevant enterprises in the port hinterland of the Group and more intense competition in resources with neighboring ports.

*(v) Ancillary port services and value-added services*

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

***(5) Business tax and surcharges***

During the Reporting Period, the business tax and surcharges of the Group amounted to RMB173,026 thousand, representing an increase of RMB124,419 thousand or 255.97% as compared with RMB48,607 thousand for the corresponding period of 2017. Such increase was mainly attributable to the fact that the environmental protection and sewage charge was included in the business tax and surcharges after being replaced with environmental protection tax in 2018.

***(6) Administrative Expenses***

During the Reporting Period, our total administrative expenses amounted to RMB346,135 thousand, representing a decrease of RMB48,645 thousand or 12.32% from RMB394,780 thousand for the corresponding period in 2017. Such decrease was mainly attributable to the year-on-year decrease in the labour cost of the Group.

***(7) Financial Costs***

During the Reporting Period, our financial costs amounted to RMB160,828 thousand, representing a decrease of RMB11,450 thousand or 6.65% from RMB172,278 thousand for the corresponding period of 2017. Such decrease was mainly attributable to the fact that the year-on-year decrease in the amount of loans of the Group led to decrease in interest expenses and year-on-year increase in net foreign exchange gain..

***(8) Impairment loss of asset and impairment loss of credit***

Since January 1, 2018, the impairment losses of financial instrument of the Group have been reclassified from the impairment losses of asset to the impairment losses of credit. During the Reporting Period, the impairment losses of the asset and the impairment losses of credit of the Group amounted to RMB40,176 thousand in total, representing an increase of RMB32,724 thousand as compared with 7,452 thousand or 439.13% for the corresponding period of 2017. Such increase was mainly attributable to firstly, the losses of the provision for impairment losses on fixed assets and inventories; secondly, the recovery of accounts receivable for provision for bad debts in previous years.

***(9) Other Income***

During the Reporting Period, other income of the Group amounted to RMB18,688 thousand, representing a decrease of RMB28,925 thousand or 60.75% from RMB47,613 thousand for the corresponding period of 2017. The decrease was mainly attributable to receiving benefits and employment subsidies in previous year.

### *(10) Investment Income*

During the Reporting Period, our investment income amounted to RMB78,583 thousand, representing a decrease of RMB3,786 thousand or 4.60% from RMB82,369 thousand for the corresponding period of 2017. Such decrease was mainly attributable to firstly, the Group's recognition of investment income from disposal of Jinji Container for the corresponding period of 2017; secondly, the year-on-year increase in the recognized investment income from associates and joint ventures; thirdly, the year-on-year increase in the interest income from wealth management product.

### *(11) Gain on Disposal of Assets, Other Income and Net Non-operating Revenue and Expenses*

During the Reporting Period, our gain on disposal of assets, other income and net non-operating revenue and expenses amounted to RMB12,336 thousand, representing an increase of RMB17,786 thousand or 326.35% from RMB-5,450 thousand for the corresponding period in 2017. The increase was mainly attributable to the increase in net income from disposal and sale of assets of the Group.

### *(12) Income Tax Expense*

Income tax expense of the Group increased by RMB98,098 thousand to RMB272,505 thousand for the Reporting Period from RMB174,407 thousand for the corresponding period of 2017, and the effective income tax rate of the Group increased to 29.27% for the Reporting Period from 21.91% for the corresponding period of 2017, which was mainly due to the effect of the increase in the newly deductible tax losses unconfirmed by the Group.

### *(13) Net Profit*

Net profit of the Group for the Reporting Period amounted to RMB658,352 thousand, representing an increase of RMB36,680 thousand or 5.90% from RMB621,672 thousand for the corresponding period of 2017. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB732,048 thousand, representing an increase of RMB115,009 thousand or 18.64% from RMB617,039 thousand for the corresponding period of 2017.

During the Reporting Period, net profit margin of the Group was 18.74%, representing an increase of 0.42 percentage points from 18.32% for the corresponding period of 2017.

### *(14) Earnings Per Share*

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Reporting Period by the weighted average number of ordinary Shares in issue during the Reporting Period. Earnings per Share of the Group for the Reporting Year amounted to RMB0.1310, representing an increase of 6.76% from RMB0.1227 for the corresponding period of 2017. Please refer to Note IV. 17 to the financial statements for the calculation of earnings per Share.

### *(15) Capital Structure, Cash Flows and Financial Resources*

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

During the Reporting Period, net cash flows generated from operating activities amounted to RMB1,620,500 thousand, representing an increase of RMB122,273 thousand or 8.16% as compared with RMB1,498,227 thousand for the corresponding period of 2017. Such increase was mainly resulted from the increase in the revenue of the Group during the Reporting Period.

During the Reporting Period, net cash flows generated from investing activities amounted to RMB632,231 thousand, representing an increase of RMB696,074 thousand or 1,090.29% as compared with RMB-63,843 thousand for the corresponding period of 2017. Such increase was mainly resulted from the year-on-year decrease in the payment of the projects and additional investment on joint and associate ventures.

During the Reporting Period, net cash flows from financing activities amounted to RMB-922,819 thousand, representing a decrease of approximately RMB914,180 thousand as compared with RMB-8,639 thousand for the corresponding period of 2017. Such decrease was mainly attributable to the year-on-year decrease in borrowings of the Group and the year-on-year increase in distribution of dividends.

Due to the above reasons, as at 30 June 2018, the Group held a balance of cash and cash equivalents of approximately RMB2,331,500 thousand, representing a decrease of RMB236,996 thousand or 9.23% from RMB2,568,496 thousand as at 30 June 2017.

Due to the above reasons, as at 30 June 2018, the gearing ratio (total liabilities divided by total assets) of the Group was 41.93%, which decreased by 7.03 percentage points as compared with the gearing ratio of 48.96% as at 30 June 2017.

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

| | **30 June 2018 (RMB'000)** | 30 June 2017 (RMB'000) |
|---|---|---|
| Net cash flow generated from operating activities | **1,620,500** | 1,498,227 |
| Net cash flow generated from investing activities | **632,231** | (63,843) |
| Net cash flow generated from financing activities | **(922,819)** | (8,639) |
| Net increase in cash and cash equivalents | **1,332,353** | 1,418,690 |
| Cash and cash equivalents at the beginning of period | **999,147** | 1,149,806 |
| Cash and cash equivalents at the end of period | **2,331,500** | 2,568,496 |

### (16) *Exchange Rate Risks*

The operations of the Group are mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses are denominated in or settled in RMB, while debts denominated in foreign currencies are mainly used to pay overseas agency fees. As such, the Group has not adopted any foreign exchange hedging arrangement.

### (17) *Pledge of Assets and Contingent Liabilities*

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

### (18) *Management of Working Capital*

| | **30 June 2018** | 30 June 2017 |
|---|---|---|
| Current ratio | **0.87** | 0.85 |
| Quick ratio | **0.79** | 0.72 |
| Turnover days of trade receivables | **4.77** | 8.10 |
| Turnover days of trade payables | **23.29** | 12.18 |

As at 30 June 2018, the Group's current ratio and quick ratio were approximately 0.87 and 0.79, respectively, representing increases as compared with the current ratio of 0.85 and quick ratio of 0.72 as at 30 June 2017. The turnover days of trade receivables for the Reporting Period was 4.77 days and the turnover days of trade payables was 23.29 days, representing a decrease of 3.33 days and an increase of 11.11 days, respectively, as compared with 8.10 days and 12.18 days for the corresponding period of 2017. The above indicators were improved as compared with those for the corresponding period of 2017.

### (19) *Overview of Major Investments*

As at the date of this announcement, the Company intends to increase its capital contribution to Cangzhou Crude Oil Stevedoring Co. by instalment with the cap amount of RMB551 million. The specific timing and scale of the contribution will be determined in the shareholders' general meeting of Cangzhou Crude Oil Stevedoring Co. with reference to the progress of the project. It is expected that the Company will continue to hold 65% of shareholding of Cangzhou Crude Oil Stevedoring Co. upon the Capital Increase. The Company will make further announcements on the progress and development of the Capital Increase in due course in accordance with the requirements of relevant laws and regulations (including the Listing Rules) and fulfill the necessary compliance requirements. For details, please refer to the announcement of the Company dated 29 March.

*(20) Material Acquisition and Disposal*

During the Reporting Period, there was no material acquisition and disposal by the Group.

*(21) Future Plans Relating to Material Investment or Capital Assets*

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

## (III) Prospects In The Second Half of 2018

It is expected that the PRC's economy will maintain its growth within a reasonable range in the second half of the year. Consolidating the existing achievements, the Group will continue to tap its potential, strengthen market development and achieve stable operation of the Group.

***Coal business:***

The Group will continue to play the role of the main hub port and assume the responsibility of ensuring the stability of the PRC. Meanwhile, we will continue to deepen the potential of Caofeidian Coal, actively introduce high-quality customer resources, and continuously deepen market research and production details. By signing a contract of specialized site operation and quasi-liner agreement, the Group can establish a long-term mutually beneficial win-win relationship with customers and enhance the comprehensive competitiveness of the Group. The throughput is expected to remain stable.

***Metal ores business:***

The supply-side structural reform of the steel industry continued to deepen, and the de-capacity effect continued to emerge. The profitability of steel companies increased; it was conducive to safeguarding the metal ore throughput of the Group. However, due to the factors including the pressure from environmental protection and major bulk of the transformation from road haulage to rail-freight transport, inventory at the ports will remain at a high level; it caused some impacts on the growth of the throughput improvement. The Group will continue to increase the supply of resources, increase the collection and distribution capacity, improve production efficiency, and provide customers with better service.

***Oil and liquefied chemicals business:***

The Group will continue to develop the supply of refined oil resources and actively promote the transshipment business of foreign trade of oil and LNG projects. It is expected that the relevant enterprises will resume the stopped production and transformation in the second half of the year; it will cause a positive impact on the growth of throughput.

***Container business:***

On the basis of the existing container sea-rail intermodal transportation business, the Group will continue to increase the development of supply resources, cooperate with railways and shipping companies, increase the capacity of sea-rail trains, and increase the frequency of routes. The Group also developed the recurrence resources of sea-rail intermodal transportation business, promoting “pendulum-styled” transportation. The throughout is expected to maintain its steady growth.

***General and other cargoes business:***

Despite the fact that the Group's general and other cargoes business faced the impact of the negative factors including pressures from environmental protection and competition with neighboring ports., the Group will strive to ensure the stability of the supply, continue to conduct market research and develop new type of goods. The Group actively take advantage of the railway system and strive to achieve new increments.

## (IV) Purchase, Sale and Redemption of Listed Securities of The Company

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

## (V) Compliance With The Corporate Governance Code

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

## (VI) Compliance With The Model Code

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

## (VII) Interim Dividends

The Board did not recommend the payment of interim dividends for the six months ended 30 June 2018.

## (VIII) Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of Corporate Governance Code. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2018.

## (IX) Publication of Interim Results Announcement and Interim Report

The announcement of the interim results of the Company for the six months ended 30 June 2018 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.portqhd.com/). The interim report of 2018 will be dispatched to our Shareholders on or before 30 September 2018 and will be published on the websites of the Stock Exchange and the Company.

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

| | |
|---|---|
| "A Share(s)" | the RMB ordinary share(s) issued by the Company in China, which are subscribed for in RMB and listed on the SSE, with a nominal value of RMB1.00 each |
| "Audit Committee" | the audit committee of the Board |
| "Berth" | area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor |
| "Board of Directors" or "Board" | the board of directors of the Company |
| "Cangzhou Bohai" | Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on 31 October 2007, with 96.08% of its equity interest held by the Company as at the date of this announcement |
| "Caofeidian Coal Port" | Tangshan Caofeidian Coal Port Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company incorporated in the PRC with limited liability on 10 April 2012, with 51.00% of its equity interest held by the Company as at the date of this announcement |
| "Caofeidian Port" | Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province |
| "Company" | Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008 |
| "Corporate Governance Code" | the Corporate Governance Code set out in Appendix 14 to the Listing Rules |
| "corresponding period of 2017" | the six months ended 30 June 2017 |
| "Director(s)" | director(s) of the Company |
| "Dry bulk" | solid commodity cargo comprised of major dry bulk (coal, metal ore and grain) and other dry bulk commodities such as sugar, cement and fertilizer |

| | |
|---|---|
| "Group", "the Group", "us" or "we" | the Company and all of its subsidiaries (unless the context otherwise requires) |
| "H Share(s)" | overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed and dealt in, on the Stock Exchange |
| "harbor" | a port of haven where ships may anchor |
| "HK$" or "Hong Kong dollar(s)" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "HPG" | Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), holding 54.27% equity interest of the Company |
| "Huanghua Port" | Huanghua Port in Cangzhou City, Hebei Province |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |
| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules |
| "PRC" or "China" | the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| "Qinhuangdao Port" | Qinhuangdao Port in Qinhuangdao City, Hebei Province |
| "Reporting Period" | the six months ended 30 June 2018 |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "Share(s)" | A Share(s) and/or H Share(s) (as the case may be) |
| "Shareholder(s)" | holder(s) of our Shares |
| "SSE" | the Shanghai Stock Exchange |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |

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

By order of the Board
**Qinhuangdao Port Co., Ltd.***
**CAO Ziyu**
*Chairman*

Qinhuangdao, Hebei Province, the PRC
29 August 2018

*As at the date of this announcement, the executive directors of the Company are CAO Ziyu, YANG Wensheng, WANG Lubiao and MA Xiping; the non-executive directors of the Company are LI Jianping and XIAO Xiang; and the independent non-executive directors of the Company are ZANG Xiuqing, HOU Shujun, CHEN Ruihua and XIAO Zuhe.*

* *For identification purpose only*