# 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)**

## 2019 INTERIM RESULTS ANNOUNCEMENT

**FINANCIAL HIGHLIGHTS**

– The revenue of the Company amounted to RMB3,390,705.9 thousand for the Reporting Period, representing a decrease of 3.44% as compared with the revenue for the corresponding period of 2018.

– We recorded the gross profit of RMB1,499,260.6 thousand for the Reporting Period, representing a decrease of 2.69% as compared with the gross profit for the corresponding period of 2018. Our gross profit margin for the Reporting Period was 44.22%, representing an increase of 0.78 percentage point as compared with the gross profit margin for the corresponding period of 2018.

– Our net profit for the Reporting Period amounted to RMB518,208.7 thousand, representing a decrease of 21.29% as compared with the net profit for the corresponding period of 2018, of which a net profit of RMB549,099.8 thousand was attributable to owners of the parent company for the Reporting Period, representing a decrease of 24.99% as compared with the net profit for the corresponding period of 2018.

– Our earnings per Share for the Reporting Period amounted to RMB0.10, representing a decrease of 23.08% as compared with the earnings per Share for the corresponding period of 2018.

The Board announces the unaudited consolidated results of the Company for the Reporting Period prepared pursuant to the relevant requirements of the Listing Rules, together with the comparative figures for the corresponding period of 2018.

* *For identification purpose only*

**UNAUDITED CONSOLIDATED BALANCE SHEET**
*30 June 2019*
*RMB*

| **Assets** | *Notes* | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|---|
| Current assets | | | |
| Cash and bank balances | *1* | **3,345,499,434.88** | 2,607,071,907.64 |
| Financial assets held for trading | | **160,000,000.00** | – |
| Bills receivable | | **111,637,387.96** | 151,588,176.50 |
| Accounts receivable | *2* | **98,466,577.26** | 68,555,390.54 |
| Prepayments | | **13,371,658.02** | 10,231,550.85 |
| Other receivables | | **25,655,162.16** | 30,259,192.87 |
| Inventories | *3* | **196,490,799.36** | 191,484,116.15 |
| Assets held for sale | | **5,910,500.00** | 193,986,794.76 |
| Other current assets | | **103,347,564.40** | 101,730,209.68 |
| Total current assets | | **4,060,379,084.04** | 3,354,907,338.99 |
| Non-current assets | | | |
| Long-term equity investments | | **2,779,671,787.57** | 2,715,291,377.24 |
| Other equity investments | | **738,469,940.42** | 730,638,543.63 |
| Fixed assets | *4* | **14,929,308,571.84** | 15,629,606,304.57 |
| Construction in progress | *5* | **774,112,315.36** | 756,714,741.91 |
| Right-of-use assets | | **142,158,321.49** | – |
| Intangible assets | | **2,384,094,768.48** | 2,375,708,363.99 |
| Long-term prepaid expenses | | **844,845.69** | 1,182,783.93 |
| Deferred tax assets | | **338,836,028.52** | 277,591,318.38 |
| Other non-current assets | | **92,378,189.91** | 117,550,230.49 |
| Total non-current assets | | **22,179,874,769.28** | 22,604,283,664.14 |
| Total assets | | **26,240,253,853.32** | 25,959,191,003.13 |

**UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)**
*30 June 2019*
*RMB*

| **Liabilities and shareholders' equity** | *Notes* | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|---|
| Current liabilities | | | |
| Short-term borrowings | *6* | **431,200,000.00** | 890,000,000.00 |
| Bills payable | *7* | **264,415,488.56** | 162,505,803.68 |
| Contracts liabilities | *8* | **500,680,027.88** | 493,959,950.74 |
| Employee benefits payable | | **592,752,233.03** | 453,048,065.29 |
| Taxes payable | *9* | **228,299,937.00** | 208,865,299.36 |
| Other payables | | **1,425,460,985.30** | 1,346,007,940.53 |
| Non-current liabilities due within one year | | **514,387,118.41** | 403,724,000.00 |
| Total current liabilities | | **3,957,195,790.18** | 3,958,111,059.60 |
| Non-current liabilities | | | |
| Long-term borrowings | *10* | **6,207,024,492.98** | 6,138,966,492.98 |
| Lease liabilities | | **11,268,461.57** | – |
| Long-term payable | | **238,800,000.00** | 238,800,000.00 |
| Long-term Employee benefits payable | | **420,368,115.20** | 319,011,081.78 |
| Provisions | | **33,860,000.00** | 33,860,000.00 |
| Deferred income | | **258,626,135.62** | 276,743,438.31 |
| Deferred income tax liabilities | | **7,198,918.11** | 5,241,068.91 |
| Total non-current liabilities | | **7,177,146,123.48** | 7,012,622,081.98 |
| Total liabilities | | **11,134,341,913.66** | 10,970,733,141.58 |
| Shareholders' equity | | | |
| Share capital | | **5,587,412,000.00** | 5,587,412,000.00 |
| Capital reserve | | **5,207,544,792.61** | 5,202,818,808.47 |
| Other comprehensive income | | **10,241,386.83** | (1,091,254.83) |
| Special reserve | | **102,427,296.40** | 80,726,967.97 |
| Surplus reserve | | **1,235,538,930.68** | 1,235,538,930.68 |
| Retained profit | | **1,908,435,840.92** | 1,789,566,768.00 |
| Total equity attributable to shareholders of the parent | | **14,051,600,247.44** | 13,894,972,220.29 |
| Minority interests | | **1,054,311,692.22** | 1,093,485,641.26 |
| Total shareholders' equity | | **15,105,911,939.66** | 14,988,457,861.55 |
| Total liabilities and shareholders' equity | | **26,240,253,853.32** | 25,959,191,003.13 |

**UNAUDITED CONSOLIDATED INCOME STATEMENT**
*For the six months ended 30 June 2019*
*RMB*

| | *Notes* | **For the six months ended 30 June 2019 (unaudited)** | For the six months ended 30 June 2018 (unaudited) |
|---|---|---|---|
| Revenue | *11* | **3,390,705,885.07** | 3,511,641,986.09 |
| Less: Operating costs | *11* | **1,891,445,242.95** | 1,970,965,308.99 |
| Tax and surcharges | | **186,562,331.58** | 173,026,198.98 |
| Sales costs | | **61,464.53** | – |
| Administrative expenses | | **614,301,550.89** | 342,345,499.62 |
| Research and development costs | | **3,871,210.49** | 3,789,925.62 |
| Financial costs | *12* | **155,620,529.30** | 160,827,628.06 |
| Including: Interest costs | | **172,667,504.47** | 178,122,039.27 |
| Interest income | | **17,074,459.78** | 15,447,488.00 |
| Add: Other income | | **21,421,796.40** | 19,368,901.43 |
| Investment income | *13* | **136,914,025.04** | 78,583,278.02 |
| Including: investment income from associates and joint ventures | | **113,679,555.02** | 69,175,784.01 |
| Gain in changes in fair value | | **–** | 57,222.22 |
| Credit impairment loss | | **2,744,275.23** | 20,726,123.31 |
| Asset impairment loss | | **–** | (60,902,308.29) |
| Gain in disposal of assets | | **1,600,453.26** | 3,852,325.15 |
| Operating profit | | **701,524,105.26** | 922,372,966.66 |
| Add: Non-operating income | *14* | **4,026,517.43** | 8,727,704.91 |
| Less: Non-operating expenses | | **453,580.38** | 243,509.85 |
| Total profit | | **705,097,042.31** | 930,857,161.72 |
| Less: income tax expenses | *15* | **186,888,367.23** | 272,505,208.56 |
| Net profit | | **518,208,675.08** | 658,351,953.16 |
| Classified by business continuity | | | |
| Net profit from continuing operations | | **518,208,675.08** | 658,351,953.16 |
| Classified by ownership | | | |
| Net profit attributable to shareholders of the parent | | **549,099,796.92** | 732,047,717.79 |
| Minority interests | | **(30,891,121.84)** | (73,695,764.63) |

**UNAUDITED CONSOLIDATED INCOME STATEMENT (CONTINUED)**
*For the six months ended 30 June 2019*
*RMB*

| | *Notes* | **For the six months ended 30 June 2019 (unaudited)** | For the six months ended 30 June 2018 (unaudited) |
|---|---|---|---|
| Other comprehensive income, net of tax | | **6,650,436.88** | (130,467,317.26) |
| Other comprehensive income attributable to shareholders of the parent, net of tax | | **11,332,641.66** | (125,691,320.56) |
| Other comprehensive income that can not be reclassified to profit and loss | | | |
| Changes in fair value of other equity investments | | **10,555,752.37** | (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 | | **592,349.45** | (15,001.80) |
| Exchange differences arising from translation of foreign currency denominated financial statement | | **184,539.84** | 366,344.48 |
| Other comprehensive income attributable to minority shareholders, net of tax | | **(4,682,204.78)** | (4,775,996.70) |
| Total comprehensive income | | **524,859,111.96** | 527,884,635.90 |
| Including: | | | |
| Total comprehensive income attributable to shareholders of the parent | | **560,432,438.58** | 606,356,397.23 |
| Total comprehensive income attributable to minority shareholders | | **(35,573,326.62)** | (78,471,761.33) |
| Earnings per share | *16* | | |
| Basic and diluted earnings per share | | **0.10** | 0.13 |

# NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
*30 June 2019*

## I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. 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 and A shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 12 December 2013 and the Shanghai Stock Exchange 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 QHD Port 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 28 August 2019.

The consolidation scope of these consolidated financial statements is determined on the basis of control.

## 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 in these interim financial statements are consistent with the accounting policies adopted when the Group prepared the financial statements for the year ended 2018. These interim financial statements should be read together with the financial statements of the Group for the year ended 2018.

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. Those disposal groups classified as held for sale have been presented at the lower amount of the carrying amount and the fair value less the net amount after disposal expenses. 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 16% on the taxable sales before 1 April 2019. The VAT rate of the Group's taxable income is 13% after 1 April 2019; 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 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. The enterprise income tax for above companies for the Period was levied with a 50% reduction.

***Land use tax***

Pursuant to the Provisional Regulations of the People's Republic of China on Land Use Tax in respect of Urban and Town Land (《中華人民共和國城鎮土地使用稅暫行條例》) (Order No.483 of the State Council) and the Notice of SAT on Preferential Policies on Land Use Tax in respect of Urban and Town Land (《稅務總局城鎮土地使用稅優惠政策的通知》) (Cai Shui [2017] No. 33), QHD Port and its subsidiary, shall pay urban and town land use tax at a reduced 50% of the rate applicable to the standards of such land owned during the Period.

***Value-added Tax ("VAT")***

Pursuant to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform《關於深化增值稅改革有關政策的公告》(Notice [2019] No. 39 from the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs) printed and issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the taxable amount of the Group will be deducted according to the current deductible input VAT plus 10% from 1 April 2019 to 31 December 2021.

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

### 1. Cash and Bank Balances

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Cash on hand | **52,784.13** | 45,370.83 |
| Bank deposits | **3,345,446,650.75** | 2,607,026,536.81 |
| | **3,345,499,434.88** | 2,607,071,907.64 |
| Less: Restricted bank deposits | **41,523,116.22** | 49,598,181.08 |
| Time deposits with maturity of more than three months | **425,500,000.00** | 573,000,000.00 |
| Cash and cash equivalents | **2,878,476,318.66** | 1,984,473,726.56 |

As at 30 June 2019, the Group held frozen deposits of RMB35,523,116.22 due to the pending lawsuits (31 December 2018：RMB49,598,181.08).

As at 30 June 2019, the guarantee deposits of the Group was RMB6,000,000.00 (31 December 2018：nil).

As at 30 June 2019, the cash and bank balances deposited overseas by the Group were equivalent to RMB62,642,888.86 (31 December 2018: RMB63,582,115.68).

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. 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 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Within 1 year | **103,071,567.73** | 70,829,084.02 |
| 1 to 2 years | **544,142.69** | 457,910.69 |
| 2 to 3 years | **786,086.64** | 4,143,694.59 |
| Over 3 years | **3,210,514.79** | 5,789,440.23 |
| | **107,612,311.85** | 81,220,129.53 |
| Less: Provision for bad debts | **9,145,734.59** | 12,664,738.99 |
| | **98,466,577.26** | 68,555,390.54 |

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 2019 (unaudited) | **12,664,738.99** | **2,556,946.97** | **(6,075,951.37)** | **–** | **9,145,734.59** |
| 2018 | 34,070,096.58 | 1,145,132.16 | (22,550,489.75) | – | 12,664,738.99 |

| | 30 June 2019 (unaudited) | | | |
|---|---|---|---|---|
| | **Balance** | | **Provision for bad debts** | |
| | **Amount** | **Percentage** *(%)* | **Amount** | **Percentage of Provision** *(%)* |
| Provision for bad debts by credit risk characteristics group | **107,612,311.85** | **100** | **9,145,734.59** | **8** |

| | 31 December 2018 | | | |
|---|---|---|---|---|
| | Balance | | Provision for bad debts | |
| | Amount | Percentage *(%)* | Amount | Percentage of Provision *(%)* |
| Provision for bad debts by credit risk characteristics group | 81,220,129.53 | 100 | 12,664,738.99 | 16 |

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

| | **30 June 2019 (unaudited)** | | | 31 December 2018 | | |
|---|---|---|---|---|---|---|
| | **Estimated carrying arising from default** | **Expected credit loss ratio (%)** | **Lifetime expected credit loss** | Estimated carrying arising from default | Expected credit loss ratio (%) | Lifetime expected credit loss |
| Within 1 year | **103,071,567.73** | **5** | **5,235,209.95** | 70,829,084.02 | 5 | 3,437,663.30 |
| 1 to 2 years | **544,142.69** | **34** | **187,402.75** | 457,910.69 | 45 | 205,553.68 |
| 2 to 3 years | **786,086.64** | **65** | **512,607.10** | 4,143,694.59 | 78 | 3,232,081.78 |
| Over 3 years | **3,210,514.79** | **100** | **3,210,514.79** | 5,789,440.23 | 100 | 5,789,440.23 |
| | **107,612,311.85** | **8** | **9,145,734.59** | 81,220,129.53 | 16 | 12,664,738.99 |

For the six months ended 30 June 2019, the provision for bad debts of the Group was RMB2,556,946.97 (2018：RMB1,145,132.16) and the recovered or reversed bad debts provision was RMB6,075,951.37 (2018: RMB22,550,489.75).

For the six months ended 30 June 2019, the Group had no accounts receivable actually written off (2018: nil).

As at 30 June 2019, the pledged accounts receivable of the Group amounted to RMB1,200,000.00 (31 December 2018: nil).

As of 30 June 2019, the top five amounts of accounts receivable are as follows (unaudited):

| | **Carrying amount** | | **Provision for bad debts** | |
|---|---|---|---|---|
| | **Amount** | **Percentage** | **Amount** | **Percentage of provision** |
| China Qinhuangdao Ocean Shipping Agency Co., Ltd. | **21,632,258.34** | **20.10** | **1,081,612.92** | **5** |
| Hebei Jidong Hexin Logistics Co., Ltd. | **9,839,860.90** | **9.14** | **491,993.05** | **5** |
| Qinhuangdao Sea Shipping Agency Co., Ltd. | **8,739,712.00** | **8.12** | **436,985.60** | **5** |
| Cangzhou Bohai New Area New Route International Shipping Agency Co., Ltd. | **8,500,000.00** | **7.90** | **425,000.00** | **5** |
| Anyang Iron & Steel Co., Ltd. | **8,352,513.44** | **7.76** | **417,625.67** | **5** |
| | **57,064,344.68** | **53.02** | **2,853,217.24** | |

As of 31 December 2018, the top five amounts of accounts receivable are as follows:

| | Carrying amount | | Provision for bad debts | |
|---|---|---|---|---|
| | Amount | Percentage *(%)* | Amount | Percentage of Provision *(%)* |
| China Qinhuangdao Ocean Shipping Agency Co., Ltd. | 23,930,513.00 | 29.46 | 1,295,733.67 | 5 |
| Suizhong Tianyu Port Shipping Services Co., Ltd. | 9,453,327.00 | 11.64 | 511,856.73 | 5 |
| Qinhuangdao Sea Shipping Agency Co., Ltd. | 6,938,877.00 | 8.54 | 375,710.15 | 5 |
| Qinhuangdao Huazheng Coal Inspection Institute | 6,487,445.39 | 7.99 | 5,427,932.56 | 84 |
| Penavico QHD Logistics Co., Ltd. | 5,999,366.00 | 7.39 | 324,839.69 | 5 |
| | 52,809,528.39 | 65.02 | 7,936,072.80 | |

## 3. Inventories

| | 30 June 2019 (unaudited) | | | 31 December 2018 | | |
|---|---|---|---|---|---|---|
| | **Balance** | **Provision for impairment** | **Carrying amount** | Balance | Provision for impairment | Carrying amount |
| Materials | **62,795,764.99** | **4,250,407.71** | **58,545,357.28** | 62,786,373.49 | 4,319,128.82 | 58,467,244.67 |
| Fuels | **5,944,533.38** | **–** | **5,944,533.38** | 4,047,913.88 | – | 4,047,913.88 |
| Spare parts | **130,801,589.40** | **3,422,875.27** | **127,378,714.13** | 128,941,932.15 | 3,422,881.22 | 125,519,050.93 |
| Low-cost consumables | **4,049,774.09** | **24,756.83** | **4,025,017.26** | 3,459,380.64 | 25,249.83 | 3,434,130.81 |
| Finished goods | **597,177.31** | **–** | **597,177.31** | 15,775.86 | – | 15,775.86 |
| | **204,188,839.17** | **7,698,039.81** | **196,490,799.36** | 199,251,376.02 | 7,767,259.87 | 191,484,116.15 |

Change in allowance for inventories is as follows:

**For the six months ended 30 June 2019 (unaudited)**

| | **Opening balance** | **Provision for the period** | **Decrease during the period** | | **Closing balance** |
|---|---|---|---|---|---|
| | | | **Reversal** | **Write-off** | |
| Materials | **4,319,128.82** | **–** | **–** | **(68,721.11)** | **4,250,407.71** |
| Spare parts | **3,422,881.22** | **–** | **–** | **(5.95)** | **3,422,875.27** |
| Low-cost consumables | **25,249.83** | **–** | **–** | **(493.00)** | **24,756.83** |
| | **7,767,259.87** | **–** | **–** | **(69,220.06)** | **7,698,039.81** |

2018

| | Opening balance | Provision for the year | Decrease during the year | | Closing balance |
|---|---|---|---|---|---|
| | | | Reversal | Write-off | |
| Materials | – | 4,409,741.30 | (75,972.93) | (14,639.55) | 4,319,128.82 |
| Spare parts | – | 3,434,499.26 | (10,836.11) | (781.93) | 3,422,881.22 |
| Low-cost consumables | – | 25,899.89 | (268.52) | (381.54) | 25,249.83 |
| | – | 7,870,140.45 | (87,077.56) | (15,803.02) | 7,767,259.87 |

*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.

## 4. Fixed Assets

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Fixed assets | **14,928,984,016.94** | 15,629,069,875.62 |
| Disposal of fixed assets | **324,554.90** | 536,428.95 |
| Fixed assets | **14,929,308,571.84** | 15,629,606,304.57 |

**For the six months ended 30 June 2019 (unaudited)**

| | Buildings | Terminal facilities | Machinery and equipment | Vessels and transportation equipment | Office and other equipment | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| 1 January 2019 | 6,233,885,580.83 | 8,742,793,323.01 | 10,202,939,825.44 | 515,145,410.06 | 258,613,705.19 | 25,953,377,844.53 |
| Purchase | – | – | – | – | 60,663.72 | 60,663.72 |
| Transferred from construction in progress | 2,397,173.84 | – | 9,421,952.45 | 2,076,890.00 | 2,576,296.63 | 16,472,312.92 |
| Reclassification | (26,204,788.23) | – | 27,708,173.84 | – | (1,503,385.61) | – |
| Disposal for the period | (3,093.64) | – | (52,673,351.57) | (7,408,951.38) | (4,757,697.07) | (64,843,093.66) |
| Transferred to right-of-use assets for the period *(Note 1)* | (131,108,800.00) | – | – | – | – | (131,108,800.00) |
| 30 June 2019 | 6,078,966,072.80 | 8,742,793,323.01 | 10,187,396,600.16 | 509,813,348.68 | 254,989,582.86 | 25,773,958,927.51 |
| Accumulated depreciation | | | | | | |
| 1 January 2019 | 1,457,746,272.22 | 2,239,793,823.29 | 5,983,158,192.03 | 385,126,026.37 | 187,712,163.32 | 10,253,536,477.23 |
| Provision for the period | 131,296,198.63 | 168,876,048.61 | 267,259,420.70 | 13,930,264.18 | 8,394,782.75 | 589,756,714.87 |
| Reclassification | (4,791,243.41) | – | 5,401,159.81 | – | (609,916.40) | – |
| Disposal for the period | – | – | (47,709,151.80) | (7,164,307.78) | (4,614,239.17) | (59,487,698.75) |
| Transferred to right-of-use assets for the period *(Note 1)* | (6,191,249.04) | – | – | – | – | (6,191,249.04) |
| 30 June 2019 | 1,578,059,978.40 | 2,408,669,871.90 | 6,208,109,620.74 | 391,891,982.77 | 190,882,790.50 | 10,777,614,244.31 |
| Provision for impairment | | | | | | |
| 1 January 2019 | – | – | 69,966,559.16 | 10,132.88 | 794,799.64 | 70,771,491.68 |
| Reclassification for the period | – | – | 46,755.85 | – | (46,755.85) | – |
| Write off for the period | – | – | (3,410,825.42) | – | – | (3,410,825.42) |
| 30 June 2019 | – | – | 66,602,489.59 | 10,132.88 | 748,043.79 | 67,360,666.26 |
| Carrying amounts of fixed assets | | | | | | |
| 30 June 2019 | 4,500,906,094.40 | 6,334,123,451.11 | 3,912,684,489.83 | 117,911,233.03 | 63,358,748.57 | 14,928,984,016.94 |
| 1 January 2019 | 4,776,139,308.61 | 6,502,999,499.72 | 4,149,815,074.25 | 130,009,250.81 | 70,106,742.23 | 15,629,069,875.62 |

*Note 1:* According to the new leasing standards, as to, the Group reclassified finance leases prior to the initial adoption date to right-of-use assets and lease liabilities, respectively, based on the original carrying amount of assets acquired under finance lease and amounts payable under finance lease.

2018

| | 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 | – | – | 222,413.80 | 275,775.86 | 985,130.02 | 1,483,319.68 |
| Finance lease | 131,108,800.00 | – | – | – | – | 131,108,800.00 |
| Transferred from construction in progress | 483,875,250.37 | 2,278,766.55 | 122,904,703.33 | 9,331,530.77 | 11,498,108.99 | 629,888,360.01 |
| Reclassification | (1,072,299.18) | 1,072,299.18 | (1,511,055.37) | – | 1,511,055.37 | – |
| Transferred to construction in progress due to renovation and retrofitting | (182,721.00) | – | – | – | – | (182,721.00) |
| Disposal for the year | (3,317,282.39) | – | (52,166,876.78) | (10,574,858.00) | (7,000,577.48) | (73,059,594.65) |
| Decrease in final accounts for completed projects for the year | 202,060,453.63 | (253,811,855.23) | 15,321,631.17 | (1,088,048.64) | 17,335,947.90 | (20,181,871.17) |
| 31 December 2018 | 6,233,885,580.83 | 8,742,793,323.01 | 10,202,939,825.44 | 515,145,410.06 | 258,613,705.19 | 25,953,377,844.53 |
| 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 year | 236,088,806.88 | 351,200,686.48 | 568,029,070.98 | 27,875,114.47 | 14,514,070.90 | 1,197,707,749.71 |
| Reclassification | (1,798,868.55) | (258,056.97) | (327,931.58) | – | 2,384,857.10 | – |
| Transferred to construction in progress due to renovation and retrofitting | (55,703.99) | – | – | – | – | (55,703.99) |
| Disposal for the year | (1,839,422.56) | – | (50,092,414.41) | (10,230,339.20) | (6,786,968.03) | (68,949,144.20) |
| 31 December 2018 | 1,457,746,272.22 | 2,239,793,823.29 | 5,983,158,192.03 | 385,126,026.37 | 187,712,163.32 | 10,253,536,477.23 |
| Impairment provision | | | | | | |
| 1 January 2018 | – | – | 5,676,039.01 | – | 87,324.95 | 5,763,363.96 |
| Provision for the period *(Note 2)* | – | – | 64,290,520.15 | 10,132.88 | 707,474.69 | 65,008,127.72 |
| 31 December 2018 | – | – | 69,966,559.16 | 10,132.88 | 794,799.64 | 70,771,491.68 |
| Carrying amounts of fixed assets | | | | | | |
| 31 December 2018 | 4,776,139,308.61 | 6,502,999,499.72 | 4,149,815,074.25 | 130,009,250.81 | 70,106,742.23 | 15,629,069,875.62 |
| 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 2:* 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 RMB65,008,127.72.

As at 30 June 2019, the Group has no fixed assets which were temporarily idle (31 December 2018: nil).

As at 30 June 2019, the Group is applying for certificates of property ownership for buildings with a book value of RMB814,338,123.32 (31 December 2018: RMB839,681,733.36).

Fixed assets leased from under finance leases are as follows:

31 December 2018

| | Cost | Accumulated depreciation | Provision for impairment | Carrying amounts |
|---|---|---|---|---|
| Buildings | 131,108,800.00 | 6,191,249.04 | – | 124,917,550.96 |

Fixed assets leased out under operating leases is as follows:

For the six months ended 30 June 2019 (unaudited)

| | Buildings | Terminal facilities | Machinery and equipment | Office and other equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| 1 January 2019 | 2,669,296.41 | 28,948,268.61 | 50,030,406.79 | 32,172.37 | 81,680,144.18 |
| Transferred to fixed assets during the period | – | – | 5,300.00 | – | 5,300.00 |
| Transferred from fixed assets during the period | (239,595.04) | – | (102,000.00) | – | (341,595.04) |
| **30 June 2019** | **2,429,701.37** | **28,948,268.61** | **49,933,706.79** | **32,172.37** | **81,343,849.14** |
| Accumulated depreciation | | | | | |
| 1 January 2019 | 539,546.14 | 7,450,085.84 | 12,323,249.15 | 14,419.50 | 20,327,300.63 |
| Transferred to fixed assets during the period | – | – | 2,998.80 | – | 2,998.80 |
| Provision | 33,547.96 | 718,587.78 | 3,864,572.37 | 2,600.58 | 4,619,308.69 |
| Transferred from fixed assets during the period | (51,358.63) | – | (98,940.00) | – | (150,298.63) |
| **30 June 2019** | **521,735.47** | **8,168,673.62** | **16,091,880.32** | **17,020.08** | **24,799,309.49** |
| Carrying amounts | | | | | |
| **30 June 2019** | **1,907,965.90** | **20,779,594.99** | **33,841,826.47** | **15,152.29** | **56,544,539.65** |
| 1 January 2019 | 2,129,750.27 | 21,498,182.77 | 37,707,157.64 | 17,752.87 | 61,352,843.55 |

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

| | 31 December 2018 |
|---|---|
| Machinery and equipment | 37,695,820.04 |
| Terminal facilities | 21,498,182.77 |
| Buildings | 2,129,750.27 |
| Office and other equipment | 29,090.47 |
| | 61,352,843.55 |

## 5. Construction in Progress

| | **30 June 2019 (unaudited)** | | | 31 December 2018 | | |
|---|---|---|---|---|---|---|
| | **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 | **670,795,256.12** | **–** | **670,795,256.12** | 670,779,861.54 | – | 670,779,861.54 |
| Commencing project of complex port zone in Huanghua Port | **17,318,252.84** | **–** | **17,318,252.84** | 16,115,314.45 | – | 16,115,314.45 |
| Phase 1 of crude oil terminal of Huanghua Port | **24,897,129.94** | **–** | **24,897,129.94** | 24,843,918.62 | – | 24,843,918.62 |
| Others | **61,101,676.46** | **–** | **61,101,676.46** | 44,975,647.30 | – | 44,975,647.30 |
| Total | **774,112,315.36** | **–** | **774,112,315.36** | 756,714,741.91 | – | 756,714,741.91 |

Management of the Group 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 2019 (unaudited)**

| | Budget | Opening Balance | Increase in the period | Transferred from fixed assets during the period | 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 1 of metal ores terminal (expansion) project in the bulk cargo area of Huanghua Port | **3,050,861,400.00** | **670,779,861.54** | **879,566.99** | **–** | **(864,172.41)** | **–** | **670,795,256.12** | **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** | **16,115,314.45** | **1,202,938.39** | **–** | **–** | **–** | **17,318,252.84** | **Loans from financial institutes and self-owned capital** | **91** |
| Phase 1 of crude oil terminal of Huanghua Port | **2,987,898,500.00** | **24,843,918.62** | **53,211.32** | **–** | **–** | **–** | **24,897,129.94** | **Self-owned capital** | **1** |
| Others | **19,517,662,570.00** | **44,975,647.30** | **36,017,680.57** | **–** | **(19,493,358.96)** | **(398,292.45)** | **61,101,676.46** | | |
| Total | **33,112,125,161.90** | **756,714,741.91** | **38,153,397.27** | **–** | **(20,357,531.37)** | **(398,292.45)** | **774,112,315.36** | | |

2018

| | Budget | Opening Balance | Increase in the year | Transferred from fixed 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 1 of metal ores terminal (expansion) project in the bulk cargo area of Huanghua Port | 3,050,861,400.00 | 665,841,637.51 | 6,780,292.12 | – | (1,842,068.09) | – | 670,779,861.54 | 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 | 39,079,862.22 | – | (169,740,682.98) | – | 16,115,314.45 | Loans from financial institutes and self-owned capital | 91 |
| Reclaimer Update for Phase 2 coal project | 166,510,000.00 | 57,606,143.24 | 19,889,192.69 | – | (77,495,335.93) | – | – | Fund raised | 47 |
| Phase 1 of crude oil terminal of Huanghua Port | 2,987,898,500.00 | 12,925,493.18 | 11,918,425.44 | – | – | – | 24,843,918.62 | Self-owned capital | 1 |
| Others | 7,052,074,940.40 | 268,330,154.27 | 177,533,745.70 | 127,017.01 | (399,209,091.31) | (1,806,178.37) | 44,975,647.30 | | |
| Total | 20,813,047,532.30 | 1,151,479,563.41 | 255,201,518.17 | 127,017.01 | (648,287,178.31) | (1,806,178.37) | 756,714,741.91 | | |

For the six months ended 30 June 2019, the Group did not include in the capitalized interest of construction in progress.

2018

| | Progress of project | Accumulated amounts of capitalized interest | Including: capitalized interest for the period | Ratio of capitalized interest for the period |
|---|---|---|---|---|
| Phase 2 of coal terminal project in Caofeidian | 99% | 841,576,587.19 | 4,053,365.36 | 4.90% |

6. **Short-term Borrowings**

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Unsecured borrowings *(Note 1)* | **430,000,000.00** | 890,000,000.00 |
| Secured borrowings *(Note 2)* | **1,200,000.00** | – |
| | **431,200,000.00** | 890,000,000.00 |

*Note 1:* As at 30 June 2019, the interest rate of the above unsecured borrowings ranged from 3.92% to 4.35% (31 December 2018: 4.13% to 4.99%) per annum.

*Note 2:* As at 30 June 2019, the secured borrowings represented the borrowings secured with the accounts receivable of the Group of RMB1,200,000.00 (31 December 2018: nil), the interest rate of such borrowings was 7.5% (31 December 2018: nil) per annum.

As at 30 June 2019, the Group has no overdue borrowings (31 December 2018: nil).

7. **Accounts Payable**

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Accounts payable | **264,415,488.56** | 162,505,803.68 |

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

An ageing analysis of accounts payable is as follows:

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Within 1 year | **241,397,928.80** | 144,640,696.34 |
| 1 to 2 years | **19,037,443.52** | 12,027,103.87 |
| 2 to 3 years | **727,247.44** | 2,222,909.38 |
| Over 3 years | **3,252,868.80** | 3,615,094.09 |
| | **264,415,488.56** | 162,505,803.68 |

As at 30 June 2019, the Group had no significant accounts payable aging more than 1 year (31 December 2018: nil).

## 8. Contract liabilities

**January to June 2019 (unaudited)**

| | **1 January 2019** | **Increase in the period** | **Revenue recognized** | **Other changes** | **30 June 2019** |
|---|---|---|---|---|---|
| Port handling fees | **491,023,365.99** | **3,292,775,710.99** | **(3,280,767,391.87)** | **(8,673,067.57)** | **494,358,617.54** |
| Weighing fees | **2,454,734.42** | **8,087,913.72** | **(5,751,676.47)** | **(152,887.20)** | **4,638,084.47** |
| Others | **481,850.33** | **5,438,592.46** | **(2,958,246.08)** | **(1,278,870.84)** | **1,683,325.87** |
| | **493,959,950.74** | **3,306,302,217.17** | **(3,289,477,314.42)** | **(10,104,825.61)** | **500,680,027.88** |

2018

| | 1 January 2018 | Increase in the year | Revenue recognized | Other changes | 31 December 2018 |
|---|---|---|---|---|---|
| Port handling fees | 518,928,935.83 | 6,621,131,700.14 | (6,633,782,975.84) | (15,254,294.14) | 491,023,365.99 |
| Weighing fees | 2,347,190.37 | 15,401,594.30 | (14,610,711.40) | (683,338.85) | 2,454,734.42 |
| Others | 1,200,431.50 | 2,334,210.23 | (1,581,984.55) | (1,470,806.85) | 481,850.33 |
| | 522,476,557.70 | 6,638,867,504.67 | (6,649,975,671.79) | (17,408,439.84) | 493,959,950.74 |

## 9. Taxes payable

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| VAT | **16,644,042.74** | 906,457.03 |
| Enterprise income tax | **136,881,444.41** | 125,869,064.38 |
| Individual income tax | **406,316.70** | 3,880,665.98 |
| Environmental protection taxes | **72,266,128.20** | 77,122,852.84 |
| City maintenance and construction tax | **1,191,264.33** | 64,537.28 |
| Education surcharge | **850,693.02** | 46,098.06 |
| Others | **60,047.60** | 975,623.79 |
| | **228,299,937.00** | 208,865,299.36 |

## 10. Long-term borrowings

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Unsecured borrowings | **6,712,628,492.98** | 6,542,290,492.98 |
| Less: long-term borrowings due within one year | **505,604,000.00** | 403,324,000.00 |
| Non-current portion | **6,207,024,492.98** | 6,138,966,492.98 |

As at 30 June 2019, the interest rate of the above borrowings ranged from 4.28%-5.15% per annum (31 December 2018: 4.28%-5.15%).

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

| | **30 June 2019 (unaudited)** | 31 December 2018 |
|---|---|---|
| Within 1 year (including 1 year) | **505,604,000.00** | 403,324,000.00 |
| Within 2 years (including 2 years) | **755,786,495.00** | 602,284,000.00 |
| Within 3 to 5 years (including 3 years and 5 years) | **2,438,039,127.98** | 2,043,577,449.48 |
| Over 5 years | **3,013,198,870.00** | 3,493,105,043.50 |
| | **6,712,628,492.98** | 6,542,290,492.98 |

## 11. Operating Revenue and Cost

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Revenue from the principal operations | **3,384,992,560.83** | 3,501,114,250.32 |
| Revenue from other operations | **5,713,324.24** | 10,527,735.77 |
| | **3,390,705,885.07** | 3,511,641,986.09 |

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Cost of the principal operations | **1,889,887,988.72** | 1,968,511,207.83 |
| Cost of other operations | **1,557,254.23** | 2,454,101.16 |
| | **1,891,445,242.95** | 1,970,965,308.99 |

Revenue is as follows:

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Revenue from service in relation to coal and relevant products | **2,638,760,169.62** | 2,738,332,214.97 |
| Revenue from service in relation to metal ore and relevant products | **495,006,568.65** | 576,083,806.56 |
| Revenue from service in relation to general and other cargoes | **125,586,330.43** | 71,451,545.48 |
| Revenue from container service | **43,626,043.43** | 40,656,786.89 |
| Revenue from service in relation to liquefied cargoes | **34,093,190.67** | 29,580,969.87 |
| Revenue from others | **53,633,582.27** | 55,536,662.32 |
| | **3,390,705,885.07** | 3,511,641,986.09 |

Rental income is as follows:

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Rental income | **7,918,177.24** | 8,959,392.12 |

## 12. Financial Cost

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Interest expenses | **172,667,504.47** | 179,908,359.18 |
| Including: interest expenses on lease liabilities | **532,038.49** | – |
| Less: interest income | **17,074,459.78** | 15,447,488.00 |
| Less: capitalised interest | **–** | 1,786,319.91 |
| Foreign exchange gain | **(216,671.01)** | (2,073,890.34) |
| Others | **244,155.62** | 226,967.13 |
| | **155,620,529.30** | 160,827,628.06 |

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

The breakdown of interest income is as follows:

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Cash and bank balances | **17,074,459.78** | 15,447,488.00 |

## 13. Investment Income

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Income from long-term equity investments under equity method | **113,679,555.02** | 69,175,784.01 |
| Investment income generated from disposal of subsidiaries *(Note)* | **16,886,790.00** | – |
| Dividend income on other equity instrument investments held | **5,651,000.00** | 6,920,518.48 |
| Investment income from disposal of financial assets held for trading | **696,680.02** | 2,486,975.53 |
| | **136,914,025.04** | 78,583,278.02 |

*Note:* The Group transferred 90% equity interest of Jinji International Container Terminal Co., Ltd., one of its subsidiaries, to Bohai Jin-Ji Port Investment and Development Company Limited in 2017. Jinji International Container Terminal Co., Ltd. received the subsidy for the number of containers recognized before the date of equity transfer during the current period. According to the equity transfer agreement, the Group recognized the investment income generated from disposal of subsidiaries of RMB16,886,790.00 based on the disposal consideration upon corresponding adjustment during the current period.

## 14. Non-operating Income

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) | Non-recurring profit and loss from January to June 2019 (unaudited) |
|---|---|---|---|
| Government subsidy | **2,047,169.81** | – | 2,047,169.81 |
| Gains from spoilage and obsolescence of non-current assets | **1,456,418.62** | 4,918,426.71 | 1,456,418.62 |
| Payables waived | **165,541.79** | 2,290,467.72 | 165,541.79 |
| Others | **357,387.21** | 1,518,810.48 | 357,387.21 |
| | **4,026,517.43** | 8,727,704.91 | 4,026,517.43 |

## 15. Income Tax Expense

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Current income tax expenses | **248,133,077.37** | 268,715,744.48 |
| Deferred income tax expenses | **(61,244,710.14)** | 3,789,464.08 |
| | **186,888,367.23** | 272,505,208.56 |

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

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Total profit | **705,097,042.31** | 930,857,161.72 |
| Income tax expenses calculated at the statutory tax rate | **176,274,260.58** | 232,714,290.43 |
| Effect of different tax rates of subsidiaries | **(17,477,908.21)** | (14,219,524.85) |
| Income not subject to tax | **(1,412,750.00)** | (1,730,129.62) |
| Share of profits and losses of joint ventures and associates | **(28,419,888.76)** | (17,293,946.00) |
| Expenses not deductible for tax | **3,739,722.28** | 5,886,908.90 |
| Unrecognised deductible losses of previous periods | **(528,710.71)** | (306,825.35) |
| Unrecognized deductible losses | **46,478,260.15** | 53,407,773.26 |
| Unrecognized deductible temporary differences | **145,023.03** | 15,701,156.05 |
| Adjustments in respect of current income tax of previous periods | **4,739,898.98** | (4,934,100.57) |
| Others | **3,350,459.89** | 3,279,606.31 |
| Income tax expense at the Group's effective rate | **186,888,367.23** | 272,505,208.56 |

## 16. Earnings per Share

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Basic and diluted earnings per share from continuing operations | **0.10** | 0.13 |

Basic earnings per share are calculated by dividing the net profit for the year 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:

| | **January to June 2019 (unaudited)** | January to June 2018 (unaudited) |
|---|---|---|
| Earnings | | |
| Net profit for the year attributable to ordinary shareholders of the Company from continuing operations | **549,099,796.92** | 732,047,717.79 |
| Shares | | |
| Weighted average number of ordinary shares in issue of the Company | **5,587,412,000.00** | 5,587,412,000.00 |

The Company had no dilutive potential ordinary shares in issue during January to June 2019 (January to June 2018: nil).

## DISCUSSION AND ANALYSIS OF OPERATIONS

### (I) Industry Overview

### *(1) General Situation*

In the first half of 2019, China's economy maintained stable growth with continuous optimization and upgrading of economic structure. China's GDP amounted to 45,093.3 billion calculated by comparable price, representing a year-on-year increase of 6.3%. The growth rate was 0.5 percentage point lower than the same period of last year and 0.3 percentage point lower than the last whole year while the economic growth was at a reasonable pace. Among industries like transportation, warehousing and postal industry, financial industry, information transmission, software and information technology industry, leasing and business services industry maintained relatively rapid growth in the first half of 2019, with the growth rate of 7.3%, 7.3%, 20.6% and 7.8% respectively, in a leading positon among other industries.

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

In the first half of 2019, the transportation business in major ports of China operated in a stable and progressing manner, the port cargo throughput grew stably. According to the statistics from the Ministry of Transport of the PRC, during the period from January to June 2019, the throughput of cargoes in China's ports reached 6.71 billion tonnes, representing a year-on-year increase of 4.5%, of which the throughput of domestic and foreign trade has increased by 5.7% and 2.4%, respectively. The throughput of containers has reached 126,990,000 TEUs, representing a year-on-year increase of 5.1%.

For coal business, affected by the factors such as downward economic pressure, environmental protection and production limitation in the first half of 2019, the growth in the demand for electricity slowed down with a steady growth of hydropower while the growth of thermal power generation was squeezed. The weakness of the increasing demand for coal for electricity impeded the demand for coal in the first half year. Nonetheless, in the first half year, the volume of coal production and shipment increased slightly. During the period from January to June, the raw coal production of the coal enterprises above designated size reached 1.76 billion tonnes, representing a year-on-year increase of 2.6%. The railway shipment volume of coal in China reached 1.2 billion tonnes, representing a year-on-year increase of 2.3%.

For iron ores, the production volume of crude steel in China amounted to 492,170,000 tonnes in the first half of 2019, representing a year-on-year increase of 9.9%, and the growth rate was 3.9 percentage points higher than the same period of last year; the production volume of steel amounted to 586,900,000 tonnes, representing an increase of 11.4%, and the growth rate was 5.4 percentage points higher than the same period of last year, which showed a steadily growing situation of the production volume of steel. But affected by ore accidents, the shipment volume of iron ores in Brazil and Australia decreased. As a result, China's import volume of iron ores dropped, and China's import volume amounted to 499,000,000 tonnes during the period from January to June, representing a decrease of 5.9%. Inventory of iron ores in China decreased rapidly.

For oil business, the increasing volume and inventory of oil and gas achieved a positive progress. In the first half year, the production volume of crude oil in China amounted to 95,390,000 tonnes, representing a year-on-year increase of 0.8%, which reversed the trend of decline during the past three years. Although the production volume of crude oil in China ceased to decline and grew stably, the domestic demand for crude oil was still high and the degree of reliance on importing crude oil kept strong. In the first half year, China's imported crude oil reached 245,000,000 tonnes, representing an increase of 8.8%.

## (II) DISCUSSION AND ANALYSIS OF OPERATIONS

### *(1) Revenue*

During the current period, the revenue of the Company amounted to RMB3,390,705,900, representing a decrease of 3.44% as compared with that in the same period of last year, which was mainly due to the decrease in throughput resulting from that Qinhuangdao Port was influenced by the demand for thermal coal in the south and horizontal competition among neighboring ports.

Principal Operations of the Company by Industries and Regions

*Unit: Yuan Currency: RMB*

**Principal Operations by Industries**

| By industries | Revenue | Operating cost | Gross profit margin (%) | Increase/decrease of revenue as compared with that in the same period of last year (%) | Increase/decrease of operating cost as compared with that in the same period of last year (%) | Increase/decrease of gross profit margin as compared with that in the same period of last year (%) |
|---|---|---|---|---|---|---|
| Service in relation to coal and relevant products | 2,638,760,169.62 | 1,297,188,922.76 | 50.84 | -3.64 | -5.05 | 1.46 |
| Service in relation to metal ore and relevant products | 495,006,568.65 | 340,116,647.34 | 31.29 | -14.07 | -10.65 | -7.76 |
| Service in relation to general and other cargoes | 125,586,330.43 | 152,823,771.02 | -21.69 | 75.76 | 32.44 | -64.73 |
| Container service | 43,626,043.43 | 39,240,992.75 | 10.05 | 7.30 | 2.13 | 83.06 |
| Service in relation to liquefied cargoes | 34,093,190.67 | 29,584,884.42 | 13.22 | 15.25 | -5.38 | -332.13 |
| Revenue from others | 53,633,582.27 | 32,490,024.66 | 39.42 | -3.43 | -16.68 | 32.37 |

**Principal Operations by Regions**

| By regions | Revenue | Operating cost | Gross profit margin (%) | Increase/decrease of revenue as compared with that in the same period of last year (%) | Increase/decrease of operating cost as compared with that in the same period of last year (%) | Increase/decrease of gross profit margin as compared with that in the same period of last year (%) |
|---|---|---|---|---|---|---|
| China | 3,390,705,885.07 | 1,891,445,242.95 | 44.22 | -3.44 | -4.03 | 0.35 |

### *(2) Operating Costs*

During the current period, the operating costs of the Company amounted to RMB1,891,445,200, representing a decrease of 4.03% as compared with that in the corresponding period of last year. Such decrease was mainly attributable to the year-on-year decrease in the labour cost.

### *(3) Gross Profit Margin*

During the current period, the gross profit amounted to RMB1,499,260,600, representing a decrease of 2.69% as compared with that in the corresponding period of last year. The gross profit margin of the Company for the current period amounted to 44.22%, representing an increase of 0.78% as compared with that in the corresponding period of last year. The decrease in gross profit was mainly due to the decrease in revenue resulting from the decrease in the throughput while the increase in gross profit margin was primarily attributable to that the decrease in gross profit was lower than the decrease in revenue.

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

During the Reporting Period, the Company achieved a total cargo throughput of 189.89 million tonnes, representing a decrease of 1.54 million tonnes or 0.80%, as compared with the throughput of 191.43 million tonnes in the corresponding period of 2018.

The throughputs generated from each of the ports which we operate are as follows:

| | **First half year of 2019** | | First half year of 2018 | | | |
|---|---|---|---|---|---|---|
| | **Throughput** *(million tonnes)* | **Percentage of total throughput** *(%)* | Throughput *(million tonnes)* | Percentage of total throughput *(%)* | Increase/ (decrease) *(million tonnes)* | Increase/ (decrease) *(%)* |
| Qinhuangdao Port | **107.88** | **56.81** | 117.44 | 61.35 | (9.56) | (8.14) |
| Caofeidian Port | **50.09** | **26.38** | 43.17 | 22.55 | 6.92 | 16.03 |
| Huanghua Port | **31.92** | **16.81** | 30.82 | 16.10 | 1.10 | 3.57 |
| Total | **189.89** | **100.00** | 191.43 | 100.00 | (1.54) | (0.80) |

During the Reporting Period, the Company achieved a cargo throughput of 107.88 million tonnes in Qinhuangdao Port, representing a decrease of 9.56 million tonnes or 8.14% from 117.44 million tonnes for the corresponding period of 2018. The decrease was mainly due to the decrease of the throughput of coal and ores in Qinhuangdao Port as a result of the homogeneous competition from surrounding ports and the closure of ore terminals in Qinhuangdao Port.

The Company achieved a cargo throughput of 50.09 million tonnes in Caofeidian Port, representing an increase of 6.92 million tonnes or 16.03% from 43.17 million tonnes for the corresponding period of 2018. The increase was mainly due to the increase of throughput resulting from Caofeidian Coal Port, a subsidiary of the Company, continuously expanding its coal business, and the increasing demand for ores in the hinterland.

The Company achieved a cargo throughput of 31.92 million tonnes in Huanghua Port, representing an increase of 1.10 million tonnes or 3.57% from 30.82 million tonnes for the corresponding period of 2018. The increase was mainly due to the Company taking the opportunity of the transformation from road haulage to rail-freight transport at the region to devote more efforts to seeking for cargo sources, contributing to the significant increase of the general cargoes handling services of Huanghua Port.

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

| | **First half year of 2019** | | First half year of 2018 | | | |
|---|---|---|---|---|---|---|
| | **Throughput** | **Percentage of total throughput** | Throughput | Percentage of total throughput | Increase/ (decrease) | Increase/ (decrease) |
| | ***(million tonnes)*** | ***(%)*** | *(million tonnes)* | *(%)* | *(million tonnes)* | *(%)* |
| Coal | **119.52** | **62.94** | 122.35 | 63.91 | (2.83) | (2.31) |
| Metal ore | **52.80** | **27.81** | 54.35 | 28.39 | (1.55) | (2.85) |
| Oil and liquefied chemicals | **1.41** | **0.74** | 1.22 | 0.64 | 0.19 | 15.57 |
| Container | **8.26** | **4.35** | 9.44 | 4.93 | (1.18) | (12.50) |
| General and other cargoes | **7.90** | **4.16** | 4.07 | 2.13 | 3.83 | 94.10 |
| Total | **189.89** | **100.00** | 191.43 | 100.00 | (1.54) | (0.80) |

1. *Dry bulk cargoes handling services*

The Company's dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Reporting Period, the Company recorded a total dry bulk cargoes throughput of 172.32 million tonnes, representing a decrease of 4.38 million tonnes or 2.48% from 176.70 million tonnes for the corresponding period of 2018.

During the Reporting Period, the Company achieved a total coal throughput of 119.52 million tonnes, representing a decrease of 2.83 million tonnes or 2.31% from 122.35 million tonnes for the corresponding period of 2018. Such decrease was mainly due to the decrease in the throughput of coal as a result of the decrease in the demand for thermal coal in the South and the homogeneous competition from surrounding ports.

During the Reporting Period, the Company achieved a total metal ores throughput of 52.80 million tonnes, representing a decrease of 1.55 million tonnes or 2.85% from 54.35 million tonnes for the corresponding period of 2018. Such decrease was mainly due to the close of ore berths 304 in Qinhuangdao Port, which led to the decrease in throughput.

2. *Oil and liquefied chemicals handling services*

During the Reporting Period, the Company recorded a total oil and liquefied chemicals throughput of 1.41 million tonnes, representing an increase of 0.19 million tonnes or 15.57% from 1.22 million tonnes for the corresponding period of 2018. The increase was mainly due to the restoration of production after the stopped production and maintenance of asphalt plants in the hinterland of the Company and our efforts to explore the new market of refined oil.

3. *Container services*

During the Reporting Period, the Company recorded a total container throughput of 578,003 TEU, equivalent to a throughput of 8.26 million tonnes, representing decreases in the number of containers handled and throughput of 85,835 TEU and 1.18 million tonnes, respectively, (i.e. 12.93% and 12.50%, respectively) as compared with the number of containers handled and throughput of 663,838 TEU and 9.44 million tonnes for the corresponding period of 2018, respectively. Such decrease was mainly due to the fact that Jinji International Container Terminal Co., Ltd., a subsidiary of the Company, was affected by factors such as environmentally- friendly limitation of vehicle transportation and the ban on coal transfer by truck and packaging, which led to a significant decrease in the working volume in vehicle collection & distribution ports.

4. *General cargoes handling services*

During the Reporting Period, the Company recorded a total throughput of general and other cargoes of 7.90 million tonnes, representing an increase of 3.83 million tonnes or 94.10% from 4.07 million tonnes for the corresponding period of 2018. Such increase was mainly due to the fact that the transportation of cargo from road haulage to rail-freight transport increased gradually after the stoppage of coal transfer by truck in Huanghua; and the Company enhanced its efforts to explore market, improved the quality of customer services, implemented the measure of "One-on-One Service" to strengthen production and organisation and incessantly optimized the quality of handling services.

5. *Ancillary port services and value-added services*

The Company also provides 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. In the first half year of 2019, the revenue of ancillary port services and value-added services of the Company amounted to 53,630,000, representing a decrease of 1,910,000 or 3.43% from 55,540,000 for the corresponding period of 2018.

***(5) Tax and Surcharges***

During the current period, the tax and surcharges of the Company amounted to RMB186,562,300, representing an increase of 7.82% as compared with the corresponding period of last year. Such increase was mainly attributable to the increase in the environmental protection tax.

***(6) Administrative Expenses***

During the current period, the Company's administrative expenses amounted to RMB614,301,600, representing an increase of 79.44% as compared with those in the corresponding period of last year, which was mainly due to provision for costs on employees who leave their posts and wait for retirement.

***(7) Financial Costs***

During the current period, the Company's financial costs amounted to RMB155,620,500, representing a decrease of 3.24% as compared with those in the corresponding period of 2018. Such decrease was mainly attributable to the decrease of the amount of borrowings for the current period.

### *(8) Other Income*

During the current period, the Company's other income amounted to RMB21,421,800, representing an increase of 10.60% as compared with that in the corresponding period of last year, which was mainly due to the implementation of the policy of "Additional Deduction on Value-added Tax" for the current period.

### *(9) Investment Income*

During the current period, the Company's investment income amounted to RMB136,914,000, representing an increase of 74.23% as compared with that in the corresponding period of last year, which was mainly due to a significant increase in the net profit of associates as compared with that in the corresponding period of last year.

### *(10) Gain on Disposal of Assets and Net Non-operating Revenue and Expenses*

During the current period, the Company's gain on disposal of assets and net non-operating revenue and expenses amounted to RMB5,173,400, representing a decrease of 58.06% as compared with that in the corresponding period of last year, which was mainly due to a year-on-year decrease in gain on disposal of fixed assets incurred for the current period.

### *(11) Income Tax Expense*

The Company's income tax expenses decreased by RMB85,616,900 to RMB186,888,300 for the current period from RMB272,505,200 for the corresponding period of 2018, and the Company's effective income tax rate decreased to 26.51% for the current period from 29.27% for the corresponding period of 2018, which was mainly due to the decrease in the total amount of profit as compared with those in the corresponding period. The decrease in the effective tax rate was mainly due to the decrease in losses of the subsidiaries for the current period and the increase in income from joint ventures as compared with that in the corresponding period of the prior period.

### *(12) Net Profit*

The Company's net profit for the current period amounted to RMB518,208,700, representing a decrease of 21.29% as compared with that in the corresponding period of last year, of which the net profit attributable to owners of the parent company amounted to RMB549,099,800, representing a decrease of 24.99% as compared with that in the corresponding period of last year. The decrease in net profit was mainly due to provision for costs on employees who leave their posts and wait for retirement for the Reporting Period.

The Company's net profit margin was 15.28%, representing a decrease of 3.46% as compared with that in the corresponding period of last year.

### *(13) Earnings Per Share*

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent company for the Reporting Period by the weighted average number of ordinary Shares in issue during the Reporting Period. The Company's earnings per Share for the Reporting Period amounted to RMB0.10, representing a decrease of 23.08% as compared with those in the corresponding period of last year. Please refer to Note 16 to the financial statements for the calculation of earnings per Share.

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

During the current period, the Company's net cash flows generated from operating activities amounted to RMB1,526,884,300, representing a decrease of 5.78% as compared with those in the corresponding period of last year, which was mainly due to a year-on-year decrease of cash received from sale of cargoes or rendering of services resulting from the decrease in operating revenue for the current period as compared with that in the corresponding period of last year.

During the current period, the Company's net cash flows generated from investing activities amounted to RMB-169,537,100, representing a decrease of 126.82% as compared with those in the corresponding period of last year, which was mainly due to the increase in time deposits with maturity of more than three months of the Company.

During the current period, the Company's net cash flows from financing activities amounted to RMB-463,745,900, representing an increase of 49.75% as compared with those in the corresponding period of last year, which was mainly due to the distribution of shareholders' bonuses for the same period of last year yet no distribution for the current period and the decrease in repayment of borrowings.

As at 30 June 2019, the Company held a balance of cash and cash equivalents of approximately RMB2,878,476,300, representing an increase of RMB894,002,600 or 45.05% from RMB1,984,473,700 as at 31 December 2018.

As at 30 June 2019, the gearing ratio (total liabilities divided by total assets) of the Company was 42.43%, which increased by 0.17 percentage points as compared with the gearing ratio of 42.26% as at 31 December 2018.

### *(15) Exchange Rate Risks*

The operations of the Company 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 Company has not adopted any foreign exchange hedging arrangement.

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

The Company has no pledge of assets and contingent liabilities during the current period.

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

| | **30 June 2019** | 30 June 2018 |
|---|---|---|
| Current ratio | **1.03** | 0.87 |
| Quick ratio | **0.95** | 0.79 |
| Turnover days of trade receivables | **8.99** | 9.53 |
| Turnover days of trade payables | **41.19** | 46.58 |

As at 30 June 2019, the Company's current ratio and quick ratio were 1.03 and 0.95, respectively, representing an increase as compared with the current ratio of 0.87 and quick ratio of 0.79 as at 30 June 2018. The turnover days of trade receivables for the Reporting Period was 8.99 days and the turnover days of trade payables was 41.19 days, representing a decrease of 0.54 days and a decrease of 5.39 days, respectively, as compared with 9.53 days and 46.58 days for the corresponding period of 2018. The above indicators were within reasonable range.

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

As at 28 February 2019, QHD Port entered into the "Cooperation Agreement on Construction Project of Phases VI and VII of Coal Terminal in Caofeidian Port Zone of Tangshan Port" with Datong Coal Mine Group Company Limited (hereinafter referred to as "Datong Group") and Caofeidian Port Group Co., Ltd. (hereinafter referred to as "Caofeidian Port Group"), pursuant to which, the parties will jointly fund to establish a joint venture, and to build Phases VI and VII project of Caofeidian Coal Terminal. The registered capital of the joint venture is RMB3 billion, the Company will contribute RMB1.77 billion, and the shareholding of the parties in the joint venture will be 59%, 40% and 1% by QHD Port, Datong Group and Caofeidian Port Group, respectively. Please see Announcement on Foreign Investment and Related Transactions (Announcement No: 2019-004) published by QHD Port on Shanghai Stock Exchange on 1 March 2019 and Announcement on Discloseable and Connected Transactions published on the website of the Stock Exchange on 28 February 2019.

### *(19) Material Acquisition and Disposal*

During the current period, there was no material acquisition and disposal by the Company.

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

As at the date of this announcement, save for the disclosed information, the Company 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 2019

In the second half of 2019, according to established plans, the Company will stay focused on the capacity and benefit and make more efforts to develop the resources of cargoes and tap into potential and efficiency based on the consolidation of the operating results in the first half year to achieve stable growth of the Company.

**Coal business:** Firstly, in the first half year, overall electricity consumption boasts a growth rate of around 5.0%. The production volume of raw coal amounted to 1.76 billion tonnes, representing a year-on-year increase of 2.6%. It is estimated that the market sentiment of coal industry in China will be relatively stable and has a promising outlook in the second half of 2019; Secondly, in the second half year, China's level-control policy on imported coal may step up and certain demand for foreign traded coal transfers to the domestic traded market while the demand for domestic traded coal will continue to maintain a progressing trend; Thirdly, the shipment volume of coal in Daqin Lines is estimated to keep stable in 2019. As the pivotal port in Daqin Lines, the Company will subsequently continue to secure strong resources of cargoes; Fourthly, upon the completion of capacity expansion of and renovation on the Mongolia-Hebei Railway in May 2019, the shipment volume of coal is estimated to increase significantly in the second half year, which is conducive to the throughput growth of Tangshan Caofeidian Coal Port Co., Ltd., a controlling subsidiary of the Company. Taking into account the abovementioned, it's estimated that the coal throughput of the Company will grow stably.

**Metal ores business:** The Company will proactively expand market business and strengthen communication with customers with focus on maintaining collaborative communication with key customers. Besides, we will enhance our cooperation with four mining enterprises abroad and make good use of tariff-free warehouses to develop more mixed mining business.

**Oil and liquefied chemicals business:** The Company will closely monitor the production of ocean oil and asphalt plants to obtain more raw oil. We carry out a deep cooperation with surrounding storage and transportation companies to jointly conduct refined oil transfer business. Meanwhile, the Company will visit the customer and research market to obtain more resources of cargoes.

**Container business:** The Company will jointly develop market with railway and shipment companies and sort out and research on cargoes in the distant hinterland to further expand the cargoes sources of "dry bulk & general cargoes to containers". We further carry out cross-border sea-rail multimodal transport business to open new routes and diversify their devices in order to improve the ability to port radiation.

**General and other cargoes business:** The Company will continue to enhance its efforts in solicitation of cargoes and market development to secure more cargo resources. Effect of cargo solicitation incentive system will be exerted to motivate all staff while marketing. Conducting researches on the market and focusing on sorting out cargoes in collection & distribution ports in the hinterland railways, we collectively develop the cargo resources with railway departments.

## (IV) Events after the Reporting Period

There were no events after the Reporting Period of the Company.

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

During the Reporting Period, the Company did not purchase, sell or redeem any listed Shares of QHD Port.

## (VI) Compliance with the Corporate Governance Code

During the Reporting Period, so far as the Directors of QHD Port are aware, the Company has complied with the Corporate Governance Code and there has been no deviation from the provisions.

## (VII) Compliance with the Model Code

During the Reporting Period, QHD Port 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.

**(VIII) Interim Dividends**

The Board did not recommend the payment of interim dividends for the six months ended 30 June 2019.

**(IX) Independent Non-executive Directors and Audit Committee**

As at 30 June 2019, QHD Port has four independent non-executive directors, one of whom is professional in the accounting field and has experience in financial management.

QHD Port has established the Audit Committee with written terms of reference in accordance with the provisions of the Listing Rules. The Audit Committee has reviewed the unaudited interim financial report of the Company for the six months ended 30 June 2019.

**(X) Publication of Interim Results Announcement and Interim Report**

The announcement of the interim results of the Company for the six months ended 30 June 2019 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.portqhd.com/). The interim report of 2019 will be dispatched to our Shareholders on or before 30 September 2019 and will be published on the websites of the Stock Exchange and the Company.

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

| | |
|---|---|
| A Share(s) | domestic-listed RMB ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange |
| Audit Committee | the audit committee of the Board |
| Bulk cargo | loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo |
| Caofeidian Port | Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province |
| Company, the Company | QINHUANGDAO PORT CO., LTD.*(秦皇島港股份有限公司) and its subsidiaries |
| Corporate Governance Code | the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange |
| corresponding period of 2018 | the six months ended 30 June 2018 |
| General cargo | A general terms for cargoes of various varieties, nature and packaging forms |

| | |
|---|---|
| Hebei Port Group, Controlling shareholder(s), QHD Port Group | 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), directly holding 54.27% equity interest of the Company |
| H Share(s) | Hong Kong listed ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange |
| Huanghua Port | Huanghua Port in Cangzhou City, Hebei Province |
| Listing Rules | Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited |
| Model Code | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| Qinhuangdao Port | Qinhuangdao Port in Qinhuangdao City, Hebei Province |
| QHD Port | QINHUANGDAO PORT CO., LTD.*(秦皇島港股份有限公司), a company incorporated in the PRC with limited liability on 31 March 2008 |
| Reporting Period | the six months ended 30 June 2019 |
| SSE | the Shanghai Stock Exchange |
| Stock Exchange | The Stock Exchange of Hong Kong Limited |
| TEU | A statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU) |
| Throughput | 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
28 August 2019

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