Qingdao Port International Co., Ltd.

青島港國際股份有限公司

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

(Stock Code: 06198)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2020:

- Revenue was RMB6,072 million, representing an increase of 1.2% as compared to the same period in the prior year;
- Net profit attributable to shareholders of the Company was RMB2,013 million, representing an increase of 0.2% as compared to the same period in the prior year; and
- Basic earnings per share was RMB0.31.

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2020. The interim results have been reviewed by the Audit Committee of the Board. The Group's unaudited interim consolidated balance sheet, unaudited interim consolidated income statement and the notes 1 to 11 as presented below are extracted from the Group's unaudited interim consolidated financial information for the six months ended 30 June 2020.

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2020 (Unaudited)	31 December 2019
Current assets			
Cash at bank and on hand		9,835,275,776	6,846,399,847
Financial asset held for trading		1,010,148,643	952,673,153
Notes receivable		61,644,571	89,208,129
Accounts receivable	3	2,849,676,376	2,337,733,076
Financing receivables		470,946,523	705,149,454
Advances to suppliers		75,961,145	65,477,940
Other receivables		3,716,562,764	1,825,685,161
Inventories		121,779,487	208,760,886
Contract assets		73,675,594	194,622,693
Current portion of non-current assets		68,940,113	445,754,126
Other current assets		1,477,972,907	6,214,206,368
Total current assets		19,762,583,899	19,885,670,833
Non-current assets			
Long-term receivables		2,919,248,984	1,528,631,526
Long-term equity investments		9,342,640,573	9,139,130,196
Other non-current financial assets		570,827,707	538,096,854
Investment properties		174,727,046	177,094,885
Fixed assets		14,608,527,017	14,341,335,334
Construction in progress		3,129,869,810	2,510,614,143
Right-of-use assets		435,051,375	541,354,681
Intangible assets		2,659,232,185	2,568,407,616
Goodwill		20,686,493	20,686,493
Long-term prepaid expenses		25,805,987	28,601,553
Deferred tax assets		907,554,413	906,362,986
Other non-current assets		1,394,319,218	599,314,295
Total non-current assets		36,188,490,808	32,899,630,562
TOTAL ASSETS		55,951,074,707	52,785,301,395

CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2020 (Unaudited)	31 December 2019
Current liabilities			
Short-term borrowings		247,995,780	128,596,572
Notes payable		821,815,865	1,164,769,783
Accounts payable	4	1,364,385,500	1,411,666,083
Advances from customers		62,834,461	22,251,659
Contract liabilities		132,675,092	245,532,722
Employee benefits payable		262,088,173	308,496,016
Taxes payable		303,403,803	248,863,830
Other payables		9,855,547,909	7,200,531,814
Current portion of non-current liabilities		2,307,286,405	235,633,528
Total current liabilities		15,358,032,988	10,966,342,007
Non-current liabilities			
Long-term borrowings		118,882,988	132,882,988
Bonds payable	5	-	2,116,900,000
Lease liabilities		270,686,680	378,301,316
Long-term payables		93,133,776	43,095,019
Provisions		6,486,130	7,053,463
Deferred income		210,067,328	213,850,289
Long-term employee benefits payable		2,416,870,000	2,419,020,000
Deferred tax liabilities		22,074,760	22,295,437
Other non-current liabilities		2,784,887,421	2,888,198,834
Total non-current liabilities		5,923,089,083	8,221,597,346
Total liabilities		21,281,122,071	19,187,939,353
Shareholders' equity			
Share capital		6,491,100,000	6,491,100,000
Capital surplus		12,339,391,255	12,326,352,961
Other comprehensive income		174,183,342	182,668,672
Specific reserve		11,912,110	3,914,265
Surplus reserve		1,278,378,901	1,278,378,901
General reserve		380,586,794	380,586,794
Undistributed profits		10,407,034,391	9,694,379,282
Total equity attributable to shareholders of the Company		31,082,586,793	30,357,380,875
Minority interests		3,587,365,843	3,239,981,167
Total Shareholders' equity		34,669,952,636	33,597,362,042
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		55,951,074,707	52,785,301,395

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
1. Revenue	7	6,072,103,452	5,999,781,980
Less: Cost of sales	7	(3,744,765,192)	(3,920,720,639)
Taxes and surcharges	8	(51,263,872)	(52,318,155)
Selling and distribution expenses		(14,665,388)	(9,615,312)
General and administrative expenses		(220,125,601)	(261,801,061)
Research and development expenses		(6,606,855)	(12,997,414)
Financial expenses		105,288,105	106,079,532
Including: Interest expenses		98,805,635	116,003,926
Interest income		226,364,485	260,939,156
Add: Other income		32,901,118	77,625,287
Investment income		768,169,574	774,803,928
Including: Investment income from associates and joint ventures		668,009,957	714,286,642
Gains on changes in fair value		2,720,249	2,663,358
Credit impairment losses		(73,905,224)	(21,219,798)
Gains on disposal of assets		17,371,326	(1,213,416)
2. Operating profit		2,887,221,692	2,681,068,290
Add: Non-operating income		5,968,028	10,739,883
Less: Non-operating expenses		(5,535,707)	(2,487,948)
3. Total profit		2,887,654,013	2,689,320,225
Less: Income tax expenses	9	(568,944,486)	(511,333,963)
4. Net profit		2,318,709,527	2,177,986,262
Classified by continuity of operations			
Net profit from continuing operations		2,318,709,527	2,177,986,262
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Minority interests		305,887,088	169,965,043
Attributable to shareholders of the Company		2,012,822,439	2,008,021,219

CONSOLIDATED INCOME STATEMENT (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	For the six months ended 30 June 2020	For the six months ended 30 June 2019
		(Unaudited)	**(Unaudited)**
5. Other comprehensive income, net of tax		(12,121,900)	84,282,631
Attributable to shareholders of the Company, net of tax			
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		-	93,986,921
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		(8,485,330)	(6,851,158)
Attributable to minority shareholders, net of tax		(3,636,570)	(2,853,132)
6. Total comprehensive income		2,306,587,627	2,262,268,893
Attributable to shareholders of the Company		2,004,337,109	2,095,156,982
Attributable to minority interests		302,250,518	167,111,911
7. Earnings per share	10		
Basic earnings per share (RMB)		0.31	0.31
Diluted earnings per share (RMB)		0.31	0.31

Notes

1 General Information

Qingdao Port International Co., Ltd. (the "**Company**") is a joint stock limited company incorporated in Qingdao City of Shandong Province of the People's Republic of China (the "**PRC**") on 15 November 2013 (the "**Company's Date of Incorporation**") by Qingdao Port (Group) Co., Ltd. ("**Qingdao Port Group**"), as the leading promoter, together with Shenzhen Malai Storage Co., Ltd., Qingdao Ocean Shipping Co., Ltd. (now renamed as COSCO Shipping (Qingdao) Co., Ltd.), China Shipping Terminal Development Co., Ltd., Everbright (Qingdao) Financial Leasing Co., Ltd. and Qingdao International Investment Co., Ltd., with its current registered address at No. 12 Jingba Road, Huangdao District, Qingdao, the PRC.

The H share of the Company was listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014.

The completion of the placing of 243,000,000 new H shares of the Company took place on 18 May 2017 at the placing price of HK$4.32 per H Share (equivalent to approximately RMB3.81). The number of total share capital of the Company increased to 5,021,204,000 shares as a result of the issue of the placing shares.

The Company made private placement of 1,015,520,000 Domestic Shares to Shanghai China Shipping Terminal Development Co., Ltd. on 22 May 2017 at a subscription price of RMB5.71 per share. After the completion of the private placement of the Domestic Shares, the number of total shares of the Company increased to 6,036,724,000 shares.

On 21 January 2019, the Company completed the initial public offering of 454,376,000 ordinary shares (A shares) and was listed on the main board of Shanghai Stock Exchange with a par value of RMB1.00 per share at the issuing price of RMB4.61 per share. After the completion of the issuance of A shares, the number of total shares of the Company increased to 6,491,100,000 shares.

As at 30 June 2020, the total share capital of the Company is 6,491,100,000 shares with par value at RMB1.00, including 5,392,075,000 A shares and 1,099,025,000 H shares, accounting for 83.07% and 16.93%, respectively, of the total share capital of the Company. Qingdao Port Group holds 54.47% shares of the Company in total.

1 General Information (Cont'd)

Pursuant to the *Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd, among Shandong Port Group Co., Ltd., the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government (*"**Qingdao SASAC**"*) and the State-Owned Assets Supervision and Administration Commission of Weihai Municipal People's Government* (the "**Gratuitous Transfer Agreement**") signed on 22 August 2019, Qingdao SASAC shall gratuitously transfer 100% equity interests in Qingdao Port Group to Shandong Port Group Co., Ltd. Upon completion of the gratuitous transfer, Qingdao Port Group will become a wholly-owned subsidiary of Shandong Port Group Co., Ltd.. The closing of the gratuitous transfer is subject to the effectiveness of the Gratuitous Transfer Agreement, A shares of the Company having being listed for one year, the approval from the State Administration for Market Regulation on the declaration of concentration of business undertakings regarding the gratuitous transfer, and the exemption from the China Securities Regulatory Commission and the waiver from Hong Kong Securities and Futures Commission on the obligation of making a general offer regarding the shares of the Company by Shandong Port Group Co., Ltd. triggered by the gratuitous transfer. As at the date of this announcement, the closing of the gratuitous transfer has not been completed. Qingdao Port Group remained as the Company's controlling shareholder and Qingdao SASAC remained as the ultimate controller of the Company. Please refer to the announcements of the Company dated 22 August 2019, 23 August 2019 and 28 August 2019 for detailed information.

The scope of business of the Company and its subsidiaries (collectively the "**Group**") includes port and port-related services such as stevedoring, stacking, logistics of containers, metal ores, coal, crude oil, grains, break bulk cargo, financing service business, and port ancillary business including port machinery manufacturing, and building and construction.

2 Preparation basis of financial statements

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as the "**Accounting Standards for Business Enterprises**"); and are also prepared in accordance with the Public Information Disclosure and Compilation Rules for Public Offering of Securities No. 15 - General Provisions for Financial Reporting issued by China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance took effect from 3 March 2014 and certain disclosures in the financial statements have been adjusted in accordance with requirements therein.

(1) Preparation basis of consolidated financial statements

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

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

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

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

3 Accounts receivable

	30 June 2020 (Unaudited)	31 December 2019
Accounts receivable	3,054,893,408	2,504,148,910
Less: Bad debt provision	(205,217,032)	(166,415,834)
	2,849,676,376	2,337,733,076

The Group's income is partially in the form of cash, advances from customers, bank acceptance notes and trade acceptance notes. Remaining sales income is settled primarily with credit terms of 30 to 90 days.

The ageing of accounts receivable based on their recording dates is analyzed as follows:

	30 June 2020 (Unaudited)	31 December 2019
Within 1 year	2,779,590,619	2,302,958,916
1 to 2 years	229,686,550	173,084,593
2 to 3 years	23,571,858	16,776,392
3 to 4 years	10,715,372	-
4 to 5 years	1,320,814	1,320,814
More than 5 years	10,008,195	10,008,195
	3,054,893,408	2,504,148,910

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

4 Accounts payable

	30 June 2020 (Unaudited)	31 December 2019
Material expenditure payable	693,239,339	759,261,798
Subcontract costs payable	205,029,246	239,180,821
Transportation expenses payable	198,318,500	198,572,153
Agency fee payable	124,079,673	80,494,250
Repair expenses payable	47,217,819	38,125,242
Subcontract handling expenses payable	23,854,575	31,620,722
Rental expenses payable	27,807,749	19,896,497
Others	44,838,599	44,514,600
	1,364,385,500	1,411,666,083

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

	30 June 2020 (Unaudited)	31 December 2019
Within 1 year	1,258,451,366	1,298,696,285
Over 1 year	105,934,134	112,969,798
	1,364,385,500	1,411,666,083

As at 30 June 2020, accounts payable over one year amounted to RMB105,934,134 (31 December 2019: RMB112,969,798), mainly comprising of subcontract costs payable for constructions unsettled due to not reaching the settlement point of the contract.

5 Bonds payable

	31 December 2019	Repayment in the current period (Unaudited)	Interest accrued by par value (Unaudited)	30 June 2020 (Unaudited)
Corporate bonds payable	2,173,022,334	(77,901,920)	39,385,140	2,134,505,554
Less: current portion	(56,122,334)			(2,134,505,554)
	2,116,900,000			-

Under Zheng Jian Xu Ke [2016] No.153 approved by China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds of RMB1.5 billion and the second tranche of corporate bonds of RMB2 billion on 18 March 2016 and 8 June 2016, respectively with the term of five years. The Company has an option of raising the coupon rate and the investors have an option to sell back the bonds at the end of the third year. If the investors do not register for resale within the resale registration period, the term of bonds is 5 years. The Company published announcements on 18 February 2019 and 10 May 2019 to raise the coupon rates of the first and second tranches of corporate bonds of the Company both up to 3.68%, from 2.90% and 3.09%, and from 18 March 2019 and 8 June 2019, respectively. The bonds that investors sold back amounted to RMB90,900,000 and RMB1,292,200,000 respectively. Interest of the bonds is paid annually and calculated by the simple interest method.

As at 30 June 2020, the principal balance of bonds payable amounted to RMB2,116,900,000 and the due dates are 18 March 2021 and 8 June 2021, respectively. As at 30 June 2020, the Group's principal balance and interest of bonds payable within one year was RMB2,116,900,000 and RMB17,605,554 respectively, which was presented as current portion of non-current liabilities.

6 Dividends

According to the resolution of the Board on 26 March 2020 and the resolution of the annual general meeting on 10 June 2020, the Company intends to distribute cash dividend for 2019 to all shareholders with RMB200.30 (tax included) for every 1,000 shares. Based on the 6,491,100,000 shares issued, the proposed cash dividend is RMB1,300,167,330.

For the six months ended 30 June 2020, the Board has not declared to distribute interim dividends (for the six months ended 30 June 2019: nil).

7 Revenue and cost of sales

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Revenue from main operations	5,481,507,462	5,452,041,956
Revenue from other operations	590,595,990	547,740,024
	6,072,103,452	5,999,781,980

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Cost of sales from main operations	(3,408,556,502)	(3,631,086,209)
Cost of sales from other operations	(336,208,690)	(289,634,430)
	(3,744,765,192)	(3,920,720,639)

8 Taxes and surcharges

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Land use tax	22,015,685	25,719,799
City maintenance and construction tax	8,911,480	7,092,675
Education surcharge and local education surcharge	6,292,653	5,074,055
Stamp duty	4,403,790	3,944,091
Property tax	3,146,124	2,927,839
Others	6,494,140	7,559,696
	51,263,872	52,318,155

9 Income tax expenses

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Current income tax calculated based on tax law and related regulations	570,356,590	488,532,874
Deferred income tax	(1,412,104)	22,801,089
	568,944,486	511,333,963

9 Income tax expenses(Cont'd)

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

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Total profit	2,887,654,013	2,689,320,225
Income tax expenses calculated at applicable tax rates	721,913,503	672,330,056
The effect of preferential tax rates	(3,196,428)	(6,015,321)
Investment income not subject to tax	(167,002,489)	(178,571,661)
Additional deduction of employee benefits of the disabled	(618,994)	(547,041)
Costs, expenses and losses not deductible for tax purposes	9,982,189	14,427,815
Deductible losses not recognized as deferred tax assets in the current period	7,866,705	9,710,115
Income tax expenses	568,944,486	511,333,963

10 Earnings per share

(a) Basic earnings per share

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

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	2,012,822,439	2,008,021,219
Weighted average number of ordinary shares outstanding	6,491,100,000	6,415,370,667
Basic earnings per share	0.31	0.31
Including:		
- Basic earnings per share from continuing operations	0.31	0.31
- Basic earnings per share from discontinued operations	-	-

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil), diluted earnings per share equal to basic earnings per share.

11 Segment information

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

The Group identified six reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management;
- Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management;
- Liquid bulk handling and ancillary services: loading and discharging of crude oil and other liquid bulk, storage, transport and port management;
- Logistics and port value-added services: CFS, provision of cargo logistics, agency, towing, tallying and other services;
- Port ancillary services: provision of facilities construction services, manufacturing of port related equipment, supplying electricity power, fuel and others;
- Financial services: provision of deposit taking activities, corporate loans, guarantee, agency insurance, investment and financial management and others.

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

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

11 Segment information (Cont'd)

(1) Segment information for the six months ended 30 June 2020 and as at 30 June 2020 is listed as follows (Unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	92,563,938	1,493,552,638	1,037,665,974	2,184,895,342	1,259,521,815	154,347,658	-	-	6,222,547,365
Inter-segment revenue	5,851,094	67,263,536	44,439	56,120,427	347,241,786	63,311,249	-	(539,832,531)	-
Cost of sales	(34,878,651)	(1,163,028,032)	(234,046,059)	(1,439,043,833)	(873,420,092)	(31,694,784)	-	-	(3,776,111,451)
Interest income	9,609	1,325,350	9,687,726	6,463,579	844,613	17,250,722	64,089,752	(23,750,779)	75,920,572
Interest expenses	(13,135,103)	(28,344,096)	(76,404,168)	(13,198,317)	(13,715,379)	-	(39,385,140)	116,722,827	(67,459,376)
Investment income from associates and joint ventures	452,041,401	8,094,039	170,145,881	35,681,304	314,795	6,290,969	-	(4,558,432)	668,009,957
Credit impairment losses	-	257,143	(8,630,636)	2,521,617	(16,879,970)	(51,173,378)	-	-	(73,905,224)
Depreciation and amortization	(12,372,744)	(110,853,767)	(137,832,864)	(103,210,749)	(84,926,243)	(659,217)	(16,396,334)	-	(466,251,918)
Total profit	489,767,741	249,660,367	880,639,917	735,663,500	285,631,742	231,827,066	33,275,110	(18,811,430)	2,887,654,013
Income tax expenses	-	(2,960,723)	(160,182,751)	(124,435,041)	(17,293,106)	(58,727,180)	(205,345,685)	-	(568,944,486)
Net profit	489,767,741	246,699,644	720,457,166	611,228,459	268,338,636	173,099,886	(172,070,575)	(18,811,430)	2,318,709,527
Total assets	7,713,748,094	8,035,457,200	12,327,356,170	5,137,951,033	7,573,856,119	17,193,154,958	11,333,761,688	(13,364,210,555)	55,951,074,707
Total liabilities	758,804,972	3,175,793,392	4,897,708,936	2,239,095,729	8,379,923,129	13,575,037,214	2,121,642,768	(13,866,884,069)	21,281,122,071
Non-cash expenses other than depreciation and amortization	1,040,000	22,560,000	930,000	6,730,000	15,520,000	20,000	-	-	46,800,000
Long-term equity investments in associates and joint ventures	5,694,471,994	1,239,696,237	1,828,449,847	456,247,281	13,899,825	109,875,389	-	-	9,342,640,573
Additions of non-current assets (i)	103,676	171,917,773	1,297,597,327	22,578,484	247,242,070	-	6,074,060	117,642,228	1,863,155,618

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

11 Segment information (Cont'd)

(2) Segment information for the six months ended 30 June 2019 and as at 31 December 2019 is listed as follows (Unaudited):

(a) Segment information for the six months ended 30 June 2019：

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	106,667,918	1,364,329,816	690,917,444	2,441,081,397	1,392,818,120	114,287,202	-	-	6,110,101,897
Inter-segment revenue	-	72,694,778	-	78,356,662	297,766,385	49,476,096	-	(498,293,921)	-
Cost of sales	(36,610,273)	(984,171,004)	(181,941,874)	(1,673,820,187)	(1,043,666,251)	(25,636,383)	-	-	(3,945,845,972)
Interest income	19,167	1,558,287	7,548,083	7,099,101	1,363,587	107,925,509	48,995,023	(23,889,518)	150,619,239
Interest expenses	(11,242,354)	(25,403,746)	(73,578,397)	(17,316,291)	(7,196,800)	-	(54,563,069)	98,422,064	(90,878,593)
Investment income from associates and joint ventures	456,937,833	33,302,813	207,244,917	31,587,697	533,583	5,030,487	-	(20,350,688)	714,286,642
Credit impairment losses	-	(4,965,256)	(5,386,744)	1,560,262	(18,988,929)	6,560,869	-	-	(21,219,798)
Depreciation and amortization	(10,430,706)	(123,292,469)	(107,010,455)	(74,596,480)	(93,603,430)	(1,215,845)	(10,830,962)	-	(420,980,347)
Total profit	507,531,580	276,240,640	630,287,821	773,541,858	250,479,478	286,843,054	58,394,086	(93,998,292)	2,689,320,225
Income tax expenses	-	(1,671,351)	(88,105,806)	(115,512,223)	(41,568,720)	(60,401,653)	(204,074,210)	-	(511,333,963)
Net profit	507,531,580	274,569,289	542,182,015	658,029,635	208,910,758	226,441,401	(145,680,124)	(93,998,292)	2,177,986,262
Non-cash expenses other than depreciation and amortization	-	43,900,000	2,170,000	7,430,000	36,510,000	30,000	-	-	90,040,000
Additions of non-current assets (i)	1,185,676	87,666,329	598,175,273	56,944,271	131,144,031	191,611	15,661,618	(38,060,187)	852,908,622

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

11 Segment information (Cont'd)

(2) Segment information for the six months ended 30 June 2019 and as at 31 December 2019 is listed as follows (Unaudited) (Cont'd):

(b) Segment information as at 31 December 2019:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Total assets	7,675,680,776	7,983,603,348	11,190,509,875	5,759,065,024	7,321,283,025	16,581,150,955	11,580,779,714	(15,306,771,322)	52,785,301,395
Total liabilities	736,250,165	3,014,071,785	4,877,275,871	2,644,519,238	6,532,706,819	14,181,448,718	2,672,784,825	(15,471,118,068)	19,187,939,353
Long-term equity investments in associates and joint ventures	5,632,510,358	1,242,853,883	1,652,685,876	506,160,627	1,335,032	103,584,420	-	-	9,139,130,196

11 Segment information (Cont'd)

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

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Revenue -		
Reportable segment revenue from external customers	6,222,547,365	6,110,101,897
Reclassification of interest income from external customers of Qingdao Finance (i)	(150,443,913)	(110,319,917)
Consolidated revenue (Note (7))	6,072,103,452	5,999,781,980
Interest income -		
Reportable segment interest income	75,920,572	150,619,239
Reclassification of interest income from external customers of Qingdao Finance (i)	150,443,913	110,319,917
Consolidated interest income	226,364,485	260,939,156
Cost of sales-		
Reportable segment cost of sales	3,776,111,451	3,945,845,972
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	(31,346,259)	(25,125,333)
Consolidated cost of sales (Note (7))	3,744,765,192	3,920,720,639
Interest expenses -		
Reportable segment interest expenses	67,459,376	90,878,593
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	31,346,259	25,125,333
Consolidated interest expenses	98,805,635	116,003,926

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

(ii) Reportable segment cost of sales includes interest expenses of Qingdao Finance, which is presented as financial expenses - interest expenses in the consolidated financial statements.

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERNATIONAL AND DOMESTIC SITUATION

1. General Situation

In the first half of 2020, the COVID-19 pandemic has made a huge impact on the global economy. The world economy is in deep recession with the international trade shranking sharply, and the foreign trading environment was severe and complex. The Chinese government responded proactively to the changes in the external environment, and coordinated the epidemic prevention and control and the economic and social development. By virtue of a series of policies such as ensuring "six priorities" (ensuring stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations) and stability in six areas (ensuring security in job, basic people's livelihood, operations of market entities, food and energy, stable industrial and supply chains, and the normal functioning of primary-level governments), the operation and production of enterprises comprehensively recovered. The economy of China displayed a trend from declining to rising with steady recovery. In the first half of 2020, the Gross Domestic Product (GDP) of China decreased by 1.6%(with a decrease of 6.8% in the first quarter and an increase of 3.2% in the second quarter) as compared with the same period in the prior year. The total imports and exports of cargo from January to June 2020 was better than expected, decreasing by 3.2% as compared with the same period in the prior year, and the declining rate was narrowed by 1.7 percentage points as compared with that of the first five months of 2020 (Source: National Bureau of Statistics of the PRC).

2. Operation of the Port Industry

Affected by the COVID-19 pandemic, in the first half of 2020, the cargo throughput of the coastal ports in China increased by 0.1% as compared to the same period in the prior year, among which, the container throughput decreased by 5.0% as compared to the same period in the prior year. In the first half of 2020, both the cargo throughput and container throughput of the Port of Qingdao still ranked fifth among the national coastal ports, and the foreign trade throughput continued to rank second among the coastal ports of China and first among northern ports of China (Source: Ministry of Transport of the PRC).

II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP

1. Overall Review

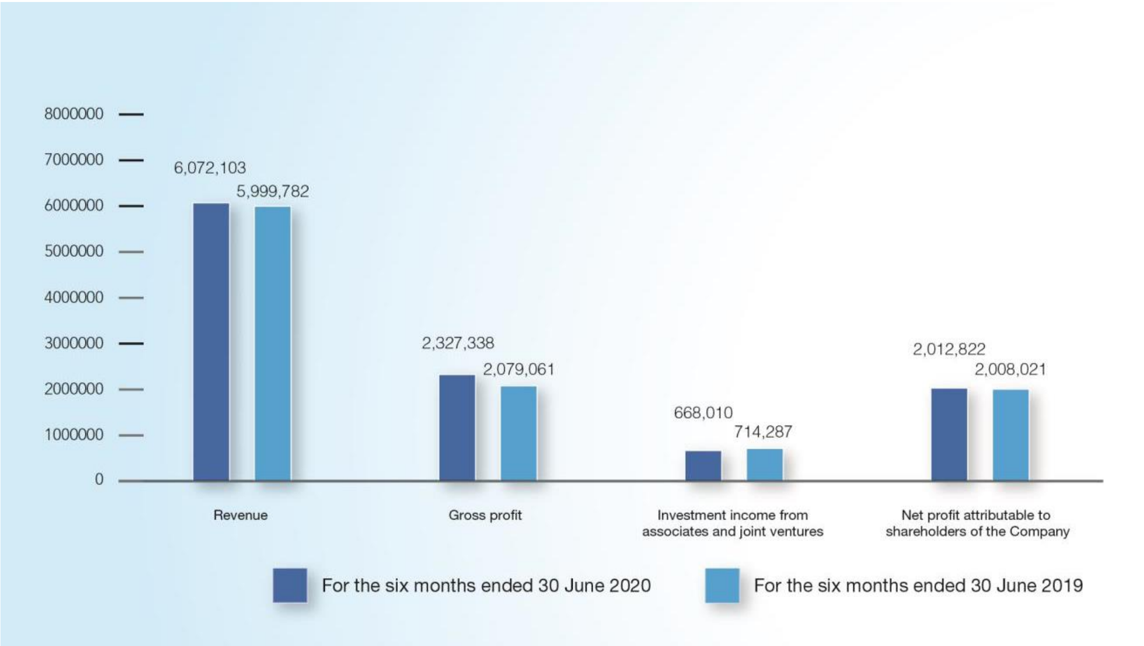
Since the beginning of this year, the Group has actively responded to the severe challenges posed by the COVID-19 pandemic, coordinated the epidemic prevention and control and the production and operation of the port, and made every effort to ensure the stability of the supply chain and industrial chain. In the marine direction, the Group teamed up with the shipping companies to vigorously stabilize the shipping schedule, open new shipping routes, and expand transit business. In the land direction, the Group strengthened the layout of inland ports and sea-rail intermodal transport, deepened the supply-side structural reform of port services, took full advantage of hardware facilities and value-added service resources, continuously optimized port functions, and promoted both quantity and profitability of the port stevedoring businesses, as a result of which the Group's comprehensive competitiveness and influence in the industry were enhanced continuously and the Group's operating results kept a steady growth.

For the six months ended 30 June 2020, the cargo throughput of the Group together with its joint ventures and associates (without taking into account the respective shareholding percentages the Company holds in those joint ventures and associates) reached 263.03 million tons, representing an increase of 4.3% as compared to the same period in the prior year, among which, the container throughput amounted to 10.34 million TEUs, representing an increase of 0.4% as compared to the same period in the prior year.

The details were as follows：

Comparison of Major Operating Indicators

Unit: RMB'000



For the six months ended 30 June 2020, the Group recorded a revenue of RMB6,072 million, representing an increase of RMB72 million, or 1.2%, as compared to the same period in the prior year, mainly due to the increase in the revenue from the liquid bulk handling and ancillary services segment and metal ore, coal and other cargo handling and ancillary services.

For the six months ended 30 June 2020, the Group recorded a gross profit of RMB2,327 million, representing an increase of RMB248 million, or 11.9%, as compared to the same period in the prior year, mainly due to the increase in the gross profit from the liquid bulk handling and ancillary services segment.

For the six months ended 30 June 2020, the Group's investment income from joint ventures and associates amounted to RMB668 million, representing a decrease of RMB46 million, or 6.4%, as compared to the same period in the prior year, mainly due to the decrease in the investment income from the liquid bulk handling and ancillary services segment and metal ore, coal and other cargo handling and ancillary services segment.

For the six months ended 30 June 2020, the general and administrative expenses of the Group was RMB220 million, representing a decrease of RMB42 million, or 16.0%, as compared to the same period in the prior year, mainly due to the reduction of employee benefits caused by the preferential policy of social insurance fee reduction and exemption during the COVID-19 pandemic, and A-share listing related expenses occurred in the same period in the prior year.

For the six months ended 30 June 2020, the Group recorded a net profit attributable to shareholders of the Company of RMB2,013 million, representing an increase of RMB5 million, or 0.2%, as compared to the same period in the prior year.

2. Segment Review

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

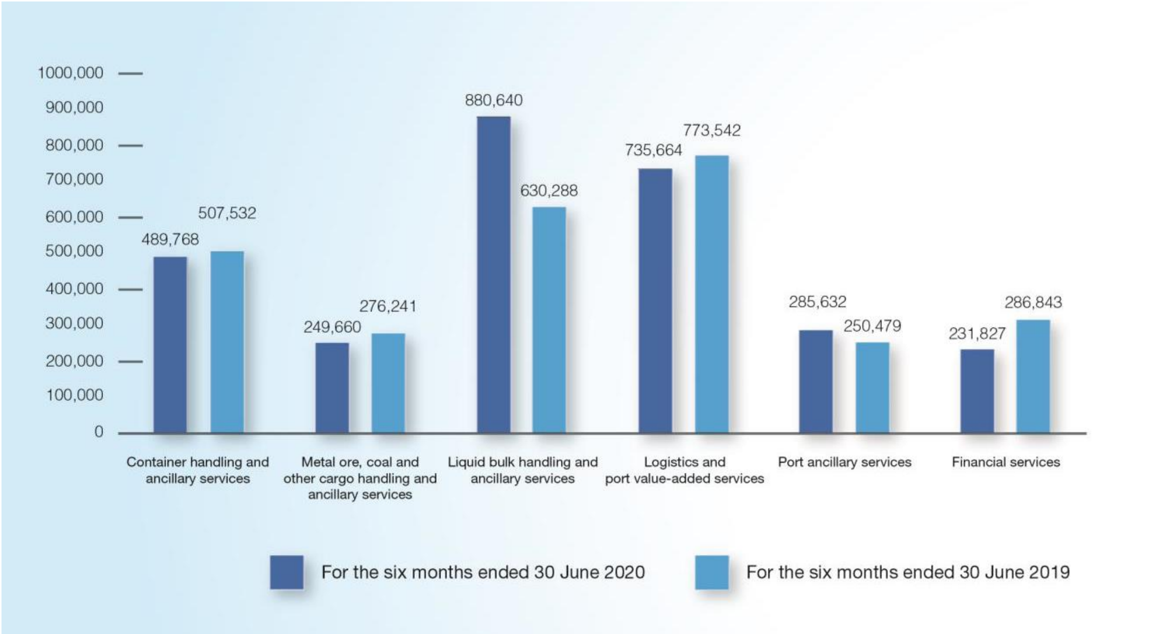
Proportion of Each Business Segment Results

Unit: RMB'000

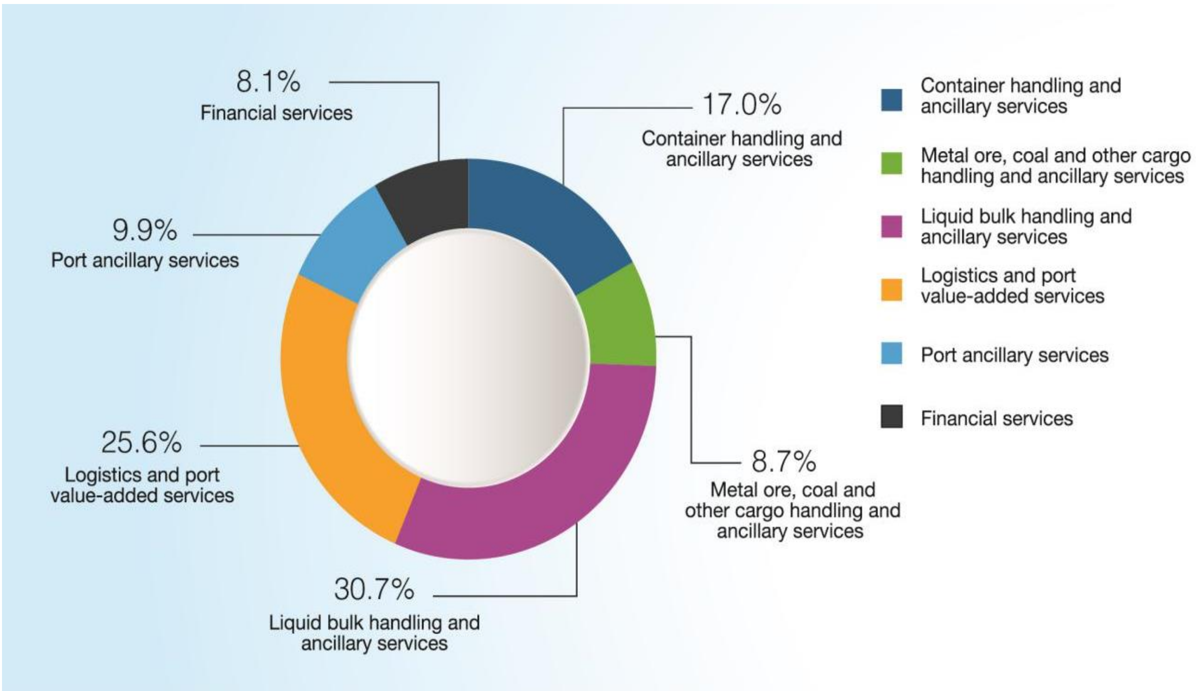
	For the six months ended 30 June				
	2020		2019		
Business Segments	**Amount**	**Proportion**	**Amount**	**Proportion**	**Change**
Container handling and ancillary services	**489,768**	**17.0%**	507,532	18.6%	-3.5%
Metal ore, coal and other cargo handling and ancillary services	**249,660**	**8.7%**	276,241	10.2%	-9.6%
Liquid bulk handling and ancillary services	**880,640**	**30.7%**	630,288	23.1%	39.7%
Logistics and port value-added services	**735,664**	**25.6%**	773,542	28.4%	-4.9%
Port ancillary services	**285,632**	**9.9%**	250,479	9.2%	14.0%
Financial services	**231,827**	**8.1%**	286,843	10.5%	-19.2%
Total results before inter-segment elimination	**2,873,191**	**100.0%**	2,724,925	100.0%	5.4%

Comparison of Business Segment Results

Unit: RMB'000



Breakdown of results of each business segment for the six months ended 30 June 2020



The business segment results are specifically as follows:

(1) Container handling and ancillary services

Unit: RMB'000

Item	For the six months ended 30 June 2020	2019	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**92,564**	106,668	-14,104	-13.2%
Cost of sales	**34,879**	36,610	-1,731	-4.7%
Gross profit	**57,685**	70,058	-12,373	-17.7%
Profit of Consolidated Group Companies	**37,727**	50,594	-12,867	-25.4%
Joint Ventures				
Revenue	**1,990,328**	2,011,604	-21,276	-1.1%
Cost of sales	**727,400**	750,151	-22,751	-3.0%
Share of profit of joint ventures	**452,041**	456,938	-4,897	-1.1%
Segment result	**489,768**	507,532	-17,764	-3.5%

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

For the six months ended 30 June 2020, the Group actively innovated in its marketing model and expanded the international transshipment channel to accelerate the construction of the "International Hub Port in Northeast Asia". The main breakthroughs achieved were as follows:

(1) The Group actively responded to the strike of the COVID-19 pandemic on the global logistics chain and brought into full play its full industry chain service advantages consisting of terminals and logistics, as a result of which the container throughput grew against the trend, fully ensuring the regional industry chain and supply chain stable and smooth; and

(2) The Group further implemented the headquarters marketing strategy for shipping companies, established the new ecosystem for cooperation with global large shipping companies, and attracted shipping companies to increase shipping routes. 15 new container routes were added and the transit shipment volume increased by over 10% as compared to the same period in the prior year. The Group continued to expand the development pattern of combination of the main and branch line networks and accelerate the transformation and upgrading from a portal port to a hub port.

For the six months ended 30 June 2020, the revenue of container handling and ancillary services was RMB93 million, representing a decrease of RMB14 million, or 13.2%, as compared to the same period in the prior year; the segment result was RMB490 million, representing a decrease of RMB18 million, or 3.5%, as compared to the same period in the prior year, which was mainly due to the decrease of RMB13 million in the profit of Consolidated Group Companies as compared to the same period in the prior year. The main reason for the decrease in the profit of Consolidated Group Companies was the reduction of the charging standards for harbor dues on cargo and port facility security fees in accordance with the national policies in response to the impact of the COVID-19 pandemic.

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

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2020	2019		
Consolidated Group Companies				
Revenue	**1,493,553**	1,364,330	129,223	9.5%
Cost of sales	**1,163,028**	984,171	178,857	18.2%
Gross profit	**330,525**	380,159	-49,634	-13.1%
Profit of Consolidated Group Companies	**241,566**	242,938	-1,372	-0.6%
Joint Ventures				
Revenue	**837,072**	846,758	-9,686	-1.1%
Cost of sales	**718,328**	616,772	101,556	16.5%
Share of profit of joint ventures	**8,094**	33,303	-25,209	-75.7%
Segment result	**249,660**	276,241	-26,581	-9.6%

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

For the six months ended 30 June 2020, the Group innovated the marketing, deepened strategic cooperation with its key customers, extended its whole-process logistics and value-added services, and proactively expanded new hinterland markets. The main breakthroughs achieved were as follows:

(1) The Group continued to expand the ore blending business, with the cargo resource arrival volumes of ore blending from Vale increased by 13% as compared to the same period in the prior year;

(2) The Group deepened strategic cooperation with Vale and world-renowned steel mills in Japan and South Korea to optimize the supply chain logistics system of the international bulk resources commodities, and built up the international ore transit

network and distribution center in Northeast Asia, with the international transfer volume of iron ore in the first half of the year increased by 330% as compared to the same period in the prior year; and

(3) In June 2020, the Dongjiakou Port Area of the Group officially passed the inspection, obtained nation-level acceptance and was officially open to the foreign shipping companies, which further released the port capacity and provided strong guarantee for market expanding.

For the six months ended 30 June 2020, the revenue of metal ore, coal and other cargo handling and ancillary services was RMB1,494 million, representing an increase of RMB129 million, or 9.5%, as compared to the same period in the prior year, which was mainly due to revenue increase resulting from the whole process logistics transportation business; the segment result was RMB250 million, representing a decrease of RMB27 million, or 9.6%, as compared to the same period in the prior year, which was mainly due to a decrease of RMB25 million in the share of profit of joint ventures as compared to the same period in the prior year. The main reason for the decrease in the share of profit of joint ventures was the cost increase in railway transport volume and corresponding operating costs due to the joint ventures responding to the impact of the change of transportation method "from highway to railway", and the reduction or waiving of the yard storage fees for customers during the COVID-19 pandemic.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

	For the six months ended 30 June			
Item	**2020**	2019	**Amount Changed**	**Percentage Changed**
Consolidated Group Companies				
Revenue	**1,037,666**	690,917	346,749	50.2%
Cost of sales	**234,046**	181,942	52,104	28.6%
Gross profit	**803,620**	508,975	294,645	57.9%
Profit of Consolidated Group Companies	**710,494**	423,043	287,451	67.9%
Joint Ventures				
Revenue	**798,129**	862,885	-64,756	-7.5%
Cost of sales	**319,729**	300,356	19,373	6.5%
Share of profit of joint ventures	**170,146**	207,245	-37,099	-17.9%
Segment result	**880,640**	630,288	250,352	39.7%

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

For the six months ended 30 June 2020, the Group strengthened policy study, persisted in business innovation, and seized opportunity for the continuous growth of crude oil imports benefiting from the low oil price, released the capacities of resources involving terminals, tank areas and oil pipelines. The main breakthroughs achieved were as follows:

(1) The Group enhanced the organization of production and improved the efficiency of the "Four Distribution Ways" including railway, pipeline, highway and waterway, with a high quality and efficiency in large-sized vessels stevedoring, and the distribution volume increased by 11% as compared to the same period in the prior year; and

(2) The Group took full advantage of the policies of the Shandong Free Trade Zone, innovated business models to meet customer requirements, completed the first bonded crude oil blending business in the port of Qingdao in China, completed a pilot program for oil supply at outer anchorage, and opened up the channel of tax rebate of domestic low-sulfur fuel export and the supply of bonded fuel for vessels, with the stevedoring volume of fuel for vessels in the first half of the year increased by 33.9% as compared to the same period in the prior year.

For the six months ended 30 June 2020, the revenue of liquid bulk handling and ancillary services was RMB1,038 million, representing an increase of RMB347 million, or 50.2%, as compared to the same period in the prior year, which was mainly due to sharply increased revenue of pipeline transportation and storage driven by the Group taking advantage of the completion and utilization of the Dongjiakou Port – Weifang – Central and Northern Shandong oil pipeline, its branch lines, and the auxiliary tanks. The share of profit of joint ventures amounted to RMB170 million, representing a decrease of RMB37 million, or 17.9%, as compared to the same period in the prior year, which was mainly due to the reduction of the charging standards for harbor dues on cargo and port facility security fees in accordance with national policies in response to the impact of the COVID-19 pandemic, and the proportion of high-rate business decreased as compared to the same period in the prior year. The segment result was RMB881 million, representing an increase of RMB250 million or 39.7% as compared to the same period in the prior year, which mainly benefiting from the increase in the volume of the pipeline transportation and ancillary tank storage for the crude oil.

(4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June 2020	2019	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**2,184,895**	2,441,081	-256,186	-10.5%
Cost of sales	**1,439,044**	1,673,820	-234,776	-14.0%
Gross profit	**745,851**	767,261	-21,410	-2.8%
Profit of Consolidated Group Companies	**699,983**	741,954	-41,971	-5.7%
Joint ventures and associates				
Revenue	**364,646**	361,306	3,340	0.9%
Cost of sales	**274,665**	266,629	8,036	3.0%
Share of profit of joint ventures and associates	**35,681**	31,588	4,093	13.0%
Segment result	**735,664**	773,542	-37,878	-4.9%

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

For the six months ended 30 June 2020, the Group vigorously developed the modern logistics business, continued to improve the port functions, firmly promoted the deep integration of "terminal + logistics", accelerated the construction of a value-added service system incorporating terminal stevedoring, transportation, CFS, agency, bonded warehouse, storage, inspection, and other services, and expanded the modern logistics industry clusters. The main breakthroughs achieved were as follows:

(1) The Group continued to strengthen the layout of inland ports and sea-rail intermodal transport and pushed forward the implementation of the promotion results in Xi'an, Lanzhou, Urumqi and other regions. In the first half of this year, two inland ports and five sea-rail intermodal lines were newly opened; and

(2) The Group expanded and strengthened its bonded warehousing business, with a maximum inventory exceeding 450,000 tons since 2020, becoming the largest warehousing center at the port of Qingdao.

For the six months ended 30 June 2020, the revenue of logistics and port value-added services business amounted to RMB2,185 million, representing a decrease of RMB256 million, or 10.5%, as compared to the same period in the prior year, which was mainly due to the substantial decrease in revenue from highway transportation of liquid bulk cargo resulting from the opening of the Dongjiakou Port – Weifang – Central and Northern Shandong oil pipeline and its branch lines; the segment result was RMB736 million, representing a decrease of RMB38 million, or 4.9% as compared to the same period in the prior year, mainly due to the decrease in profit from agency, CFS, warehousing and other businesses affected by the COVID-19 pandemic.

(5) Port ancillary services

Unit: RMB'000

Item	For the six months ended 30 June 2020	2019	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**1,259,522**	1,392,818	-133,296	-9.6%
Cost of sales	**873,420**	1,043,666	-170,246	-16.3%
Gross profit	**386,102**	349,152	36,950	10.6%
Profit of Consolidated Group Companies	**285,317**	249,946	35,371	14.2%
A joint venture				
Revenue	**1,763**	5,263	-3,500	-66.5%
Cost of sales	**1,400**	3,351	-1,951	-58.2%
Share of profit of a joint venture	**315**	533	-218	-40.9%
Segment result	**285,632**	250,479	35,153	14.0%

Note: Amounts of revenue and cost of sales of a joint venture represent the amount of those in the financial statement of Ocean Bridge International Ports Management Co., Ltd. (海路國際港口運營管理有限公司), without taking into account of the shareholding percentage held by the Company in the joint venture.

For the six months ended 30 June 2020, the revenue of port ancillary services amounted to RMB1,260 million, representing a decrease of RMB133 million, or 9.6%, as compared to the same period in the prior year, which was mainly due to the combined effects that the construction revenue of the current period decreased as compared to the same period in the prior year due to the gradual completion of Phase II of automated container terminal and other projects, and the port machinery construction revenue of the current period increased as compared to the same period in the prior year profiting from the port machinery upgrading of joint ventures and the Group's active expansion of external customers. The segment results amounted to RMB286 million, representing an increase of RMB35 million, or 14.0%, as compared to the same period in the prior year, mainly due to an increase in the profit of power supply, port machinery construction, information technology, and other businesses.

(6) Financial services

Unit: RMB'000

Item	For the six months ended 30 June 2020	2019	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	**154,348**	114,287	40,061	35.1%
Cost of sales	**31,695**	25,636	6,059	23.6%
Gross profit	**122,653**	88,651	34,002	38.4%
Profit of Consolidated Group Companies	**225,536**	281,813	-56,277	-20.0%
An Associate				
Revenue	**404,878**	315,878	89,000	28.2%
Cost of sales	**170,743**	156,119	14,624	9.4%
Share of profit of an associate	**6,291**	5,030	1,261	25.1%
Segment result	**231,827**	286,843	-55,016	-19.2%

Note: Amounts of revenue and cost of sales of an associate represent the amount of those in the financial statement of Qingdao Qingyin Financial Leasing Co., Ltd. (青島青銀金融租賃有限公司), without taking into account of the shareholding percentage held by the Company in the associate.

The Group innovated in finance and capital service functions and continuously developed new types of businesses to meet the diversified financing needs of its member units. The Group optimized its business structure, appropriately reduced the investment proportion of medium and high-risk products, increased the investment proportion of standardized products, diversified investment risks, and deepened the integration of industry and finance to provide upstream customers with financing services so as to increase customer stickiness and boost the development of the main businesses of terminals. The Group has achieved the transformation of development mode orienting from scale to high quality.

For the six months ended 30 June 2020, the segment result from financial services amounted to RMB232 million, representing a decrease of RMB55 million, or 19.2%, as compared to the same period in the prior year, among which, the profit of Consolidated Group Companies was RMB226 million, representing a decrease of RMB56 million, or 20.0%, as compared to the same period in the prior year, which was mainly due to the increased provision for impairment resulting from the increase in the scale of loans provided by Qingdao Finance, and a decrease in average interest rate of Qingdao Finance's interbank deposits.

3. Financial Position Analysis

Unit: RMB'000

Item	As at 30 June 2020	As at 31 December 2019	Amount Changed	Percentage Changed
Cash at bank and on hand	**9,835,276**	6,846,400	2,988,876	43.7%
Other receivables	**3,716,563**	1,825,685	1,890,878	103.6%
Contract assets	**73,676**	194,623	-120,947	-62.1%
Current portion of non-current assets	**68,940**	445,754	-376,814	-84.5%
Other current assets	**1,477,973**	6,214,206	-4,736,233	-76.2%
Long-term receivables	**2,919,249**	1,528,632	1,390,617	91.0%
Other non-current assets	**1,394,319**	599,314	795,005	132.7%
Other payables	**9,855,548**	7,200,532	2,655,016	36.9%
Current portion of non-current liabilities	**2,307,286**	235,634	2,071,652	879.2%
Bonds payable	**-**	2,116,900	-2,116,900	N/A

As at 30 June 2020, the Group's cash at bank and on hand increased by RMB2,989 million, or 43.7%, as compared to the beginning of this year, mainly due to the increase of RMB1,049 million from operating activities and the increase of RMB1,450 million from fund-raising activities including absorbing deposits from related parties.

As at 30 June 2020, the Group's other receivables increased by RMB1,891 million, or 103.6%, as compared to the beginning of this year, mainly due to the increase of RMB1,160 million in the Group's loans to related parties and the Group's recognition of dividends of RMB827 million due from joint ventures.

As at 30 June 2020, the Group's contract assets decreased by RMB121 million, or 62.1%, as compared to the beginning of this year, mainly due to the conversion of contract assets into accounts receivable resulting from the completion of Phase II of the automated container terminal project.

As at 30 June 2020, the Group's current portion of non-current assets decreased by RMB377 million, or 84.5%, as compared to the beginning of this year, mainly due to the decrease of loans due within one year provided by the Group to related parties.

As at 30 June 2020, the Group's other current assets decreased by RMB4,736 million, or 76.2%, as compared to the beginning of this year, mainly due to the decrease of RMB4,934 million in interbank certificates of deposit purchased by Qingdao Finance and financial assets purchased under resale agreements by Qingdao Finance.

As at 30 June 2020, the Group's long-term receivables increased by RMB1,391 million, or 91.0%, as compared to the beginning of this year, mainly due to the combined effects of the increase of RMB865 million in financial leasing services and the increase of RMB170 million in loans provided by Qingdao Finance to related parties.

As at 30 June 2020, the Group's other non-current assets increased by RMB795 million, or 132.7%, as compared to the beginning of this year, mainly due to the increase of RMB281 million in the Group's advance payment for equity investment, and the increase of RMB478 million in advance payments for projects including crude oil commercial reserve tanks.

As at 30 June 2020, the Group's other payables increased by RMB2,655 million, or 36.9%, as compared to the beginning of this year, mainly due to the increase of RMB1,566 million in deposits absorbed by Qingdao Finance, and the increase of RMB1,305 million in unpaid dividends that has been declared by the parent company and the subsidiaries as of 30 June 2020.

As at 30 June 2020, the Group's current portion of non-current liabilities increased by RMB2,072 million and the Group's bonds payable decreased by RMB2,117 million, as compared to the beginning of this year, mainly due to that the corporate bonds issued by the Company will become mature in the first half of 2021 so as that the bonds payable of RMB2,117 million should be reclassified to the current portion of non-current liabilities.

4. Cash Flow Analysis

For the six months ended 30 June 2020, the Group's net cash inflow amounted to RMB2,361 million, among which:

(1) Net cash inflow from operating activities amounted to RMB1,049 million, mainly derived from the operating profit of the Consolidated Group Companies;

(2) Net cash outflow from investing activities amounted to RMB158 million, mainly comprising of the net cash inflow of RMB4,694 million arising from the recovery of financial investment products such as interbank certificates of deposit and bonds, the cash inflow of RMB232 million arising from receiving of interest income from loans and deposits; the net cash outflow of RMB2,193 million arising from loans to member units, the net cash outflow of RMB1,637 million arising from purchase and construction of long-term assets such as the construction in progress, the net cash outflow of RMB713 million arising from external equity investment, and the net

cash outflow of RMB575 million arising from the purchase of term deposits with a fixed term of over three months and structured deposits; and

(3) Net cash inflow from financing activities amounted to RMB1,450 million, mainly comprising of net cash inflow of RMB1,549 million arising from the deposits-absorbing business of Qingdao Finance, the cash inflow of RMB254 million from short-term borrowings of the Group; the cash outflow of RMB177 million arising from repayment of borrowings such as bank loans; and the cash outflow of RMB120 million arising from repayment of financial leasing.

In order to facilitate the understanding of shareholders of the Company and investors, after eliminating the impact of Qingdao Finance as well as the Group's purchase of financial investment products and the recovery of fixed term deposits with an initial term over three months on the cash flow, the net cash outflow of the Group amounted to RMB1,114 million.

5. Liquidity and Financial Resources

As at 30 June 2020, the Group's cash at bank and on hand amounted to RMB9,835 million and financial products including interbank deposits amounted to RMB2,698 million. After eliminating the impact of Qingdao Finance, the self-owned cash at bank and on hand and financial products of the Group amounted to RMB11,984 million. After eliminating the impact of Qingdao Finance, the Group's total interest-bearing borrowings amounted to RMB2,512 million, among which, borrowings at fixed interest rates amounted to RMB2,440 million and borrowings at floating interest rates amounted to RMB72 million. The Group continued to optimize its financial policies to ensure continuous operation with best capital structure to provide favorable returns for the shareholders of the Company.

As at 30 June 2020, the amount of the Group's cash at bank and on hand exceeded its interest-bearing borrowings.

6. Capital Structure

As at 30 June 2020, the total shareholders' equity of the Group amounted to RMB34,670 million, representing an increase of RMB1,073 million as compared to the beginning of this year, among which, the equity interest attributable to the shareholders of the Company increased by RMB726 million and the equity interest of minority shareholders increased by RMB347 million. The increase in the equity interest attributable to the shareholders of the Company was mainly due to the increase of RMB2,013 million in operating profit for the current period and the decrease of RMB1,300 million in declared dividends for 2019.

As at 30 June 2020, the Company had 6,491,100,000 issued shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares, representing 83.07% and 16.93% of the total issued share of the Company, respectively. The A share market capitalization and H share market capitalization of the Company were RMB30,627 million and HK$4,528 million, respectively, which were calculated based on the closing price of RMB5.68 on the Shanghai Stock Exchange and the closing price of HK$4.12 on the Hong Kong Stock Exchange as at 30 June 2020.

7. Interest Rate and Exchange Rate Risks

As at 30 June 2020, cash at bank and on hand, receivables, payables and external bank borrowings of the Group which were calculated at floating rates amounted to RMB7,135 million, RMB1,635 million, RMB5,730 million and RMB72 million, respectively. The Group assessed the interest rate risk and anticipated that interest rate risk would have no material impact on the Group.

The Group's main business activities are conducted in the PRC and settled mainly in RMB. As of 30 June 2020, the Group's USD deposits were approximately US$106 million, and changes in exchange rates do not have material effect on the Group. The Group will continue to closely monitor interest rate and exchange rate risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rate risks for the six months ended 30 June 2020.

8. Financial Indicators

	For the six months ended 30 June		
Indicators	**2020**	**2019**	**Change (+/-)**
Return on total assets	**4.3%**	4.3%	basically unchanged
Weighted average return on net assets	**6.5%**	6.9%	-0.4 percentage point
Interest coverage ratio	**30.11**	24.08	+6.03 times
Current ratio	**1.29**	1.61	-0.32
Quick ratio	**1.27**	1.56	-0.29

For the six months ended 30 June 2020, the return on total assets of the Group was 4.3%, which basically remained unchanged as compared to the same period in the prior year; the weighted average return on net assets was 6.5%, representing a decrease of 0.4 percentage point as compared to the same period in the prior year, mainly because the increase in average net assets for this period was higher than the increase in profits. The interest coverage ratio of the Group was 30.11 times, representing an increase of 6.03 times as compared to the same period in the prior year, mainly due to the decrease in interest expense for repaying RMB1, 384 million in bonds payable in the prior year resulting in the increase in profit before interest and tax. The current ratio of the Group was 1.29, representing a decrease of 0.32 as compared to the same period in the previous year, and the quick ratio of the Group was 1.27, representing a decrease of 0.29 as compared to the same period in the previous year, mainly because the Company's bonds payable will become mature in the first half of 2021, resulting in an increase of RMB2,117 million in the current portion of non-current liabilities.

Summarized Financial Information of Joint Ventures

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

Unit: RMB'000

	QQCT For the six months ended 30 June		**Qingdao Shihua For the six months ended 30 June**	
	2020	**2019**	**2020**	**2019**
Revenue	**1,900,030**	1,929,353	**774,391**	838,063
Cost of sales	**(671,129)**	(706,161)	**(303,958)**	(286,734)
Profit before income tax	**1,170,033**	1,160,210	**440,160**	517,624
Income tax expenses	**(280,457)**	(256,688)	**(108,229)**	(115,548)
Net profit or loss for the period	**889,576**	903,522	**331,931**	402,076
Minority interests	**5,266**	8,670	**-**	-
Net profit attributable to the shareholders of joint ventures	**884,310**	894,852	**331,931**	402,076
Considering the impact of the fair value of identifiable assets and liabilities at acquisition:				
Net profit for the period	**851,511**	864,883	**-**	-
Net profit attributable to the shareholders of joint ventures	**846,245**	856,213	**-**	-
Other distribution	**1,608**	1,559	**-**	-
Shareholding percentage in joint ventures held by the Group	**51%**	51%	**50%**	50%
Share of profit or loss by the Group before elimination (Note)	**443,385**	448,647	**165,965**	201,038
Unrealised profit or loss	**686**	(20,537)	**2,458**	1,778
Share of profit by the Group accounted for using the equity method	**444,071**	428,110	**168,423**	202,816

Note: The fair value of identifiable assets and liabilities of QQCT at the acquisition of QQCT 20% equity interests has been considered in share of profit or loss of joint ventures by the Group before elimination.

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

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

Unit: RMB'000

Balance sheet	Nature	As at 30 June 2020	As at 31 December 2019
Other receivables	Provide short-term loan	**1,697,769**	571,738
Current portion of non-current assets	Provide long-term loans due within one year	**66,882**	227,597
Long-term receivables	Provide long-term loan	**2,919,249**	1,528,632
Other payables	Absorb deposit	**(6,305,247)**	(4,764,271)

Unit: RMB'000

Income statement	Nature	For the six months ended 30 June 2020	2019
		2020	**2019**
Finance expenses – interest income	Interest income from providing loan	**150,378**	110,227
Finance expenses – interest expenses	Interest expense from absorbing deposit	**(31,346)**	(25,125)

III. SIGNIFICANT CAPITAL INVESTMENT

For the six months ended 30 June 2020, the significant investment of the Group was RMB1,260 million, mainly used for the Dongjiakou Port – Weifang – Central and Northern Shandong oil pipeline and the auxiliary tanks construction project, Dongjiakou crude oil terminal Phase II project, Dongjiakou crude oil commercial reserve tanks project, and Dongjiakou Port Area bulk cargo berths and storage yards projects and other projects.

IV. SIGNIFICANT ENTRUSTED WEALTH MANAGEMENT

As at 30 June 2020, the Group did not have any significant entrusted wealth management.

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

On 10 June 2020, the Company and Qingdao Port (Group) Engineering Co., Ltd. (青島港（集團）港務工程有限公司), a wholly-owned subsidiary of the Company, entered into equity transfer agreements with Shandong Port Financial Holdings Limited (山東港口金融控股有限公司), a wholly-owned subsidiary of QDP, the controlling shareholder of the Company, transferring 90% and 10% of the equity interests of Qingdao Yongli Company Agency Co., Ltd. (青島永利保險代理有限公司) to Shandong Port Financial Holdings Limited, respectively, for consideration of RMB54,475,830 and RMB6,052,870, respectively. As of 30 June 2020, the Company and Qingdao Port (Group) Engineering Co., Ltd. did not actually received any payment for the considerations of equity transfer. For details, please refer to the announcement of the Company dated 10 June 2020.

As of the date of this announcement, the Company and Qingdao Port (Group) Engineering Co., Ltd. have received the total equity transfer payment of RMB60,528,700.

VI. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2020, none of the Group's assets was mortgaged or pledged.

VII. CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities.

VIII. EMPLOYEES

As at 30 June 2020, the Company had 4,733 employees while the principal subsidiaries of the Company had 3,790 employees. The Group implements a "two match" principle (i) to match the revenue growth with the Company's operation and development, and (ii) to match the growth of labor's remuneration with the increase of labor productivity. The Group links the salaries of employees with the performance results of the Group, and the employees' salaries or its measuring units are adjusted annually in accordance with the employees' working performance, human resources market condition and the economic environment. We basically implement a basic salary plus a performance-based salary system for our senior management. In addition, to actively establish a learning enterprise and cultivate employees with active learning, the Group offers internal trainings on safety and security, business operations and technical skills to the employees to improve their skills related to their positions.

IX. DESCRIPTION OF OTHER OPERATING MATTERS

As Dagang Port Area is planned to be transformed and upgraded into an international home port for cruise liners, the business of Dagang Port Area will be gradually relocated to Dongjiakou Port Area and Qianwan Port Area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As of 30 June 2020, the construction of international home port for cruise liners had no effect on the main business of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2020, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area was not affected.

X. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 30 June 2020.

XI. OUTLOOK FOR THE SECOND HALF OF 2020

In the second half of 2020, the world economic situation is still complex and severe, with a high instability and uncertainty. However, China has stuck to making progress in stability and coordinated epidemic prevention and economic and social development, adhered to supply-side structural reform, deepened the reform and open, push forward high-quality economic development, and strived to achieve the annual economic and social development goals. At the same time, with integrated policies of the Shandong Free Trade Zone and Shanghai Cooperation Organization (SCO) Local Economic and Trade Cooperation Demonstration Zone, the Group faced both opportunities and challenges for business development. The Group will aim at accelerating the construction of world-class marine port, seize opportunity, continue to deepen the reformation, accelerate the process of transformation and upgrading, prioritize performance, expand the development space, improve the management efficiency comprehensively, and create greater value for shareholders and the society.

Firstly, the Group will continue to improve its operating performance. Actively responding to the impact of COVID-19, the Group will expand the business both on land and sea. For the sea direction, the Group will increase shipping lines, expand container shipping capacity, expand transit business, and strengthen the linkage among ports to jointly build a transit network radiating the Northeast Asian ports groups, and create a domestic trade transit channel linking the north and south. For the land direction, the Group will open railway routes, establish inland ports, expand cargo sources, optimize the layout of inland ports, increase the number of sea-rail intermodal routes, and accelerate the transformation from a portal port to a hub port. The Group will seize opportunities of policy overlay of the Shandong Free Trade Zone and Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone, and expand new businesses such as the transit consolidation, bonded refueling, oil blending, cold chain logistics, cross-border e-commerce, and roll-on-roll-off business. The Group will promote new model such as international transfer of ores and bonded spot crude oil storage, provide comprehensive services to customers, and accelerate the transformation from a logistics port to a trade port.

Secondly, the Group will continuously enhance development potential. The Group will accelerate the construction of intelligent ports, constantly improving the intelligent operation system of automated terminals. The Group will promote the construction of green ports, accelerate the automatization of terminal yards and build a clean and low-carbon energy system in the ports. The Group will strengthen the construction of key projects and make efforts to promote the construction of the crude oil terminal, the liquid chemical terminal, and the crude oil storage tanks in Dongjiakou Port Area, and the sea-rail intermodal capacity expansion project in Qianwan Port Area. The Group will promote joint ventures and cooperation and attract high-quality enterprises to invest in the construction of ore mixing and blending, timber, grain and other port processing industries and logistics transit bases in Dongjiakou Port Area. The Group will actively expand international development space and promote smooth operation of international projects such as the Vado Ligure Terminal in Italy and the Phase II of Abu Dhabi Khalifa terminals in United Arab Emirates.

Thirdly, the Group will continuously promote management efficiency. The Group will optimize the internal control operation system, improve the level of essential safety management, and improve the ability to resist risks. The Group will improve the modern governance system, further strengthen institutional construction, and enhance the standardization and refinement of management. The Group will innovate human-oriented management, expand career development channels for employees, optimize salary system, and build a professional, compound, scientific and reasonable management team and staff team. The Group will implement measures to reduce expenditure and consumption, promote all-dimensional and whole-process cost reduction and efficiency enhancement. The Group will inherit and innovate corporate culture, carry forward the “spirit of Zhenchao in new era”, concentrate on promoting “Liangang Innovation Team”, make the typical roles function as the guidance, and build the “Four Strong” (strong politics, strong team, strong work style and strong performance) staff team at the basic level.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules for the six months ended 30 June 2020.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code of Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for securities transactions by Directors and Supervisors. Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2020.

REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

No purchase, sale and redemption of any listed securities of the Company were made by the Company or any of its subsidiaries for the six months ended 30 June 2020.

CHANGES AND TERMINATION OF USE OF PROCEEDS FOR INVESTMENT PROJECTS OF A SHARE OFFERING

The Company completed its initial public offering of RMB denominated ordinary shares (A shares) of 454,376,000 shares with a nominal value RMB1.00 per share and was listed on the Shanghai Stock Exchange on 21 January 2019, with the net amount of proceeds of approximately RMB1,978.93 million.

Details of the use of proceeds were as follows:

Unit: RMB'000

Investment Projects for Use of Proceeds	Net Amount of Proceeds
Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project	-
The Project of Qingdao Port Investment multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	1,000,000
Dongjiakou Integrated Logistics Stacking Yard Phase I Project	180,000
Intelligent Port Area Upgrading Project	200,000
Port Area Equipment Procurement Project	302,100
Supplementing working capital	296,830
Total	**1,978,930**

According to the needs of business development of the Group, with the resolution and approval by the Board on 26 March 2020 and by the annual general meeting of the Company held on 10 June 2020, the Company proposed to terminate Dongjiakou Integrated Logistics Stacking Yard Phase I Project and put the unused proceeds of RMB180 million into Port Area Equipment Procurement Project and to remove Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project from one of the investment projects for use of proceeds, continuing to build this project by self-raised funds or by means of joint ventures.

After the aforesaid change and termination of investment projects for use of proceeds from A share offering have completed, the details of the use of proceeds were as follows:

Unit: RMB'000

Investment Projects for Use of Proceeds	Net Amount of Proceeds
The Project of Qingdao Port Investment multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	1,000,000
Intelligent Port Area Upgrading Project	200,000
Port Area Equipment Procurement Project	482,100
Supplementing working capital	296,830
Total	**1,978,930**

For further details, please refer to the announcements dated on 26 March 2020 and 10 June 2020, and the circular dated 26 May 2020 of the Company.

USE OF PROCEEDS

The net proceeds from the New H Shares Placing of the Company in 2017 were approximately HK$1,035 million, equivalent to approximately RMB912 million, which would be used according to the Company's announcement dated 20 January 2017. As at 31 December 2019, the remaining proceeds of approximately HK$1,034 million were carried forward to this year, which is proposed to be used towards the Company's reserve funds for the acquisition and investment of overseas terminals and the working capital for the operation and management of overseas terminal projects by the terminal project management company jointly established by the Company and COSCO SHIPPING Ports. For the six months ended 30 June 2020, HK$460.45 million of the proceeds had been utilized towards the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used to pay for the purchase of shares of COSCO SHIPPING Ports (Abu Dhabi) Limited. The Company will use the remaining raised funds according to the project investment progress and business development. As at the date of this announcement, there is no detailed schedule for the utilization of the remaining proceeds.

The net proceeds from the Company's issuance of Domestic Shares to Shanghai China Shipping Terminal Development Co., Ltd. were approximately RMB2,600 million. As at 31 December 2019, the remaining proceeds of approximately RMB171 million were carried forward to this year, which is proposed to be used towards the construction of the port facilities in the Dongjiakou Port Area, the optimization of the modern logistics business structure of the Company, the domestic terminals investment and acquisition and the consolidation of the relevant terminal assets in the Port of Qingdao, and the information facility construction of the Company in accordance with the ways as disclosed in the announcement of the Company dated 20 January 2017. For the six months ended 30 June 2020, RMB12 million of the proceeds had been utilized towards the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used for the information facility construction of the Company. The Company will utilize the remaining proceeds in accordance with the progress of the investment projects and the business development. As at the date of this announcement, there is no detailed schedule for the utilization of the remaining proceeds.

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million. As at 31 December 2019, the remaining proceeds of approximately RMB1,220 million were carried forward to this year. Taking into account the actual business development and operational needs of the Group, the Company has changed the investment projects for the remaining net proceeds, which will be proposed to be used towards the construction of berths and stacking yards in the Dongjiakou Port Area, intelligent upgrade of port area, equipment procurement, and supplementing working capital. For details, please refer to the Company's announcements dated 26 March 2020 and 10 June 2020 and circular dated 26 May 2020. For the six months ended 30 June 2020, approximately RMB11 million of the proceeds had been utilized towards the investment projects in the way as disclosed in the Company's initial public offering of A shares prospectus and the Company's announcements dated 26 March 2020, 10 June 2020 and circular dated 26 May 2020, which was mainly used for the construction of the Project of Qingdao Port Investment multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area and Intelligent Port Area Upgrading Project. The Company will utilize the remaining proceeds in accordance with the progress of the investment projects and the business development. As at the date of this announcement, there is no detailed schedule for the utilization of the remaining proceeds.

DIVIDENDS

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2020.

PUBLICATION OF INTERIM REPORT

The interim report for the six months ended 30 June 2020 of the Company will be published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com), and will be dispatched to shareholders of the Company in due course.

By order of the Board
Qingdao Port International Co., Ltd.
JIA Funing
Chairman

Qingdao, the PRC, 27 August 2020

As at the date of this announcement, the executive Directors of the Company are Mr. JIA Funing and Mr. WANG Xinze; the non-executive Directors are Mr. SU Jianguang, Mr. FENG Boming, Mr. WANG Jun and Ms. WANG Fuling; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.

Definitions

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

"Board"	the board of directors of Qingdao Port International Co., Ltd.
"CFS"	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
"Company"	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company with limited liability established in the PRC on 15 November 2013
"Consolidated Group Companies"	companies (including their branches) and their subsidiaries which are consolidated into in the consolidated financial statements of the Company
"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
"COSCO SHIPPING Ports"	COSCO SHIPPING Ports Limited (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1199), holding approximately 20% equity interests in the Company as of 30 June 2020
"Director"	the director(s) of the Company
"Domestic Shares"	the ordinary domestic share(s) of the Company with a nominal value of RMB1.00 each in the share capital of the Company
"Group" or "we"	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associates of the Company

"Haiwan Liquid Chemical"	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
"New H Shares Placing"	the issue of the 243,000,000 new H shares of the Company by way of placing pursuant to the special mandate granted by the 2017 first extraordinary general meeting, the 2017 first domestic shareholders' class meeting and the 2017 first H shareholders' class meeting of the Company held on 10 March 2017
"PRC" or "China"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"QDOT"	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
"QDP"	Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司), the controlling shareholder of the Company, holding approximately 54% equity interests in the Company as of 30 June 2020
"Qingdao Finance"	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial

	services to QDP and its member companies
"Qingdao Shihua"	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
"Qingwei Container"	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing container handling and ancillary services
"QQCT"	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (it is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), which is mainly engaged in the business of providing container handling and ancillary services
"Shandong Free Trade Zone"	China (Shandong) Pilot Free Trade Zone
"Shanghai China Shipping Terminal"	Shanghai China Shipping Terminal Development Co., Ltd. (上海中海碼頭發展有限公司), a company established in the PRC and a wholly-owned subsidiary of COSCO SHIPPING Ports
"Supervisor(s)"	the supervisor(s) of the Company
"TEU"	Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of 20 feet, a width of 8 feet and a height of 8 feet and 6 inches
"West United"	Qingdao Qianwan West Port United Terminal Co., Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (it is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services

**　Certain amounts and percentage figures included in this announcement have been subject to rounding.*

**　The Chinese name(s) of the PRC entities have been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*