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)

2020 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- The revenue of the Company amounted to RMB2,995,402.1 thousand for the Reporting Period, representing a decrease of 11.66% as compared to the corresponding period of last year.

- The gross profit of the Company amounted to RMB1,212,751.2 thousand for the Reporting Period, representing a decrease of 19.11% as compared to the corresponding period of last year. Our gross profit margin for the Reporting Period was 40.49%, representing a decrease of 3.73 percentage points as compared to the corresponding period of last year.

- Our net profit for the Reporting Period amounted to RMB513,215.6 thousand, representing a decrease of 0.96% as compared to the corresponding period of last year. Of which, net profit attributable to owners of the parent company amounted to RMB575,741.8 thousand for the Reporting Period, representing an increase of 4.85% as compared to the corresponding period of last year.

- The earnings per Share amounted to RMB0.10 for the Reporting Period, which is the same as compared to the corresponding period of last year.

The Board announces the unaudited consolidated results of the Company for the Reporting Period prepared pursuant to relevant requirements under the Listing Rules, together with the comparative figures for the corresponding period of 2019.

* *For identification purpose only*

UNAUDITED CONSOLIDATED BALANCE SHEET

30 June 2020

RMB

Assets	*Notes*	**30 June 2020 (unaudited)**	31 December 2019
Current assets			
Cash and bank balances	*1*	**3,077,521,029.15**	2,805,072,385.39
Financial assets held for trading		**170,000,000.00**	–
Bills receivable		**194,097,706.00**	172,344,886.06
Accounts receivable	*2*	**92,362,178.38**	81,480,463.58
Prepayments		**13,562,578.41**	10,763,773.91
Other receivables		**154,734,310.25**	47,843,613.54
Inventories	*3*	**199,504,371.88**	186,149,733.94
Other current assets		**91,463,591.39**	108,861,397.06
Total current assets		**3,993,245,765.46**	3,412,516,253.48
Non-current assets			
Long-term equity investments		**2,941,119,723.03**	2,933,977,826.03
Other equity investments		**817,446,118.17**	792,793,162.66
Fixed assets	*4*	**13,864,957,576.55**	14,386,455,466.64
Construction in progress	*5*	**844,131,138.54**	818,663,594.98
Right-of-use assets		**130,017,661.39**	136,087,991.44
Intangible assets		**2,406,602,150.64**	2,442,851,949.55
Long-term prepaid expenses		**75,767,646.93**	67,553,845.97
Deferred tax assets		**367,099,832.83**	410,276,375.66
Other non-current assets		**35,455,731.63**	78,678,974.13
Total non-current assets		**21,482,597,579.71**	22,067,339,187.06
Total assets		**25,475,843,345.17**	25,479,855,440.54

UNAUDITED CONSOLIDATED BALANCE SHEET *(CONTINUED)*
30 June 2020
RMB

Liabilities and shareholders' equity	*Notes*	**30 June 2020 (unaudited)**	31 December 2019
Current liabilities			
Short-term borrowings	*6*	**194,294,833.98**	151,811,497.31
Accounts payable	*7*	**316,070,261.78**	164,642,529.63
Contract liabilities	*8*	**494,366,165.84**	526,176,060.80
Employee benefits payable		**644,651,418.47**	641,772,243.05
Taxes payable	*9*	**171,475,269.71**	136,546,991.12
Other payables		**548,250,264.46**	618,070,938.59
Non-current liabilities due within one year		**824,951,163.06**	698,268,300.47
Total current liabilities		**3,194,059,377.30**	2,937,288,560.97
Non-current liabilities			
Long-term borrowings	*10*	**5,669,237,997.98**	5,883,682,492.98
Lease liabilities		**3,685,042.35**	7,521,511.19
Long-term payable		**238,400,000.00**	238,400,000.00
Long-term employee benefits payable		**432,047,411.64**	532,928,001.35
Provisions		**28,356,993.00**	33,860,000.00
Deferred income		**225,443,509.36**	243,113,352.90
Deferred income tax liabilities		**20,942,962.56**	14,779,723.68
Total non-current liabilities		**6,618,113,916.89**	6,954,285,082.10
Total liabilities		**9,812,173,294.19**	9,891,573,643.07
Shareholders' equity			
Share capital		**5,587,412,000.00**	5,587,412,000.00
Capital reserve		**5,207,544,792.61**	5,207,544,792.61
Other comprehensive income		**218,792,375.79**	181,333,327.86
Special reserve		**131,387,984.82**	108,030,468.84
Surplus reserve		**1,334,346,000.28**	1,334,346,000.28
Retained profit		**2,264,651,038.08**	2,191,776,305.79
Total equity attributable to shareholders of the parent		**14,744,134,191.58**	14,610,442,895.38
Minority interests		**919,535,859.40**	977,838,902.09
Total shareholders' equity		**15,663,670,050.98**	15,588,281,797.47
Total liabilities and shareholders' equity		**25,475,843,345.17**	25,479,855,440.54

UNAUDITED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2020
RMB

	Notes	**For the six months ended 30 June 2020 (unaudited)**	For the six months ended 30 June 2019 (unaudited)
Revenue	*11*	**2,995,402,079.12**	3,390,705,885.07
Less: Operating costs	*11*	**1,782,650,850.89**	1,891,445,242.95
Tax and surcharges		**172,526,083.16**	186,562,331.58
Sales costs		**–**	61,464.53
Administrative expenses		**305,437,657.13**	614,301,550.89
Research and development costs		**3,076,399.45**	3,871,210.49
Financial costs	*12*	**138,894,242.03**	155,620,529.30
Including: Interest costs		**157,048,041.65**	172,667,504.47
Interest income		**17,454,727.14**	17,074,459.78
Add: Other income		**29,572,679.41**	21,421,796.40
Investment income	*13*	**95,061,438.50**	136,914,025.04
Including: Investment income from associates and joint ventures		**88,664,876.08**	113,679,555.02
Credit impairment loss		**(3,420,348.14)**	2,744,275.23
Gain in disposal of assets		**482,413.23**	1,600,453.26
Operating profit		**714,513,029.46**	701,524,105.26
Add: Non-operating income	*14*	**618,888.00**	4,026,517.43
Less: Non-operating expenses		**3,886,701.12**	453,580.38
Total profit		**711,245,216.34**	705,097,042.31
Less: Income tax expenses	*15*	**198,029,587.94**	186,888,367.23
Net profit		**513,215,628.40**	518,208,675.08
Classified by business continuity			
Net profit from continuing operations		**513,215,628.40**	518,208,675.08
Classified by ownership			
Net profit attributable to shareholders of the parent		**575,741,812.29**	549,099,796.92
Minority interests		**(62,526,183.89)**	(30,891,121.84)

UNAUDITED CONSOLIDATED INCOME STATEMENT *(CONTINUED)*
For the six months ended 30 June 2020
RMB

	Notes	**For the six months ended 30 June 2020 (unaudited)**	For the six months ended 30 June 2019 (unaudited)
Other comprehensive income, net of tax		**40,268,345.10**	6,650,436.88
Other comprehensive income attributable to shareholders of the parent, net of tax		**37,459,047.93**	11,332,641.66
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		**21,329,842.60**	–
Changes in fair value of investments in other equity instruments		**15,680,419.46**	10,555,752.37
Those other comprehensive income to be reclassified into profit or loss			
Other comprehensive income to be taken to profit or loss using the equity method		**(444,541.53)**	592,349.45
Exchange differences on foreign currency translation		**893,327.40**	184,539.84
Other comprehensive income attributable to minority shareholders, net of tax		**2,809,297.17**	(4,682,204.78)
Total comprehensive income		**553,483,973.50**	524,859,111.96
Including:			
Total comprehensive income attributable to shareholders of the parent		**613,200,860.22**	560,432,438.58
Total comprehensive income attributable to minority shareholders		**(59,716,886.72)**	(35,573,326.62)
Earnings per share			
Basic and diluted earnings per share		**0.10**	0.10

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

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

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

The financial statement has been approved by the Board of the Company by resolutions on 28 August 2020.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope for the period is consistent with that in the previous year.

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. 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 2019. These interim financial statements should be read in conjunction with the financial statements of the Group for the year ended 2019.

The financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

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

III. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax ("VAT")	–	The Group is subject to VAT at tax rate of 13% on the taxable sales; 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 onwards, 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), Tangshan Caofeidian Coal Port Co., Ltd., a subsidiary of the Group, is eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by Tangshan Caofeidian Coal Port Co., Ltd. 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. Tangshan Caofeidian Coal Port Co., Ltd. first generated its operating income in 2015, and started to be entitled to the tax preferences of enterprise income tax. Its enterprise income tax 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》) and Announcement of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of the Preferential Urban Land Use Tax Policies for the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (《財政部、國家稅務總局關於繼續實施物流企業大宗商品倉儲設施用地城鎮土地使用稅優惠政策的公告》) (Cai Shui [2020] No. 16), from 1 January 2020 to 31 December 2022, the urban land use tax on the land for bulk commodity storage facilities owned (whether used by logistics enterprises themselves or leased out) or leased by logistics enterprises shall be collected at the reduced rate of 50% of the tax amount applicable to the grade of the land. The Company and Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd., subsidiaries of the Company, shall pay land use tax at a reduced 50% of the rate applicable to the bulk commodity storage facilities owned.

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 2020 (unaudited)	31 December 2019
Cash on hand	**41,079.53**	27,704.54
Bank deposits	**3,071,157,049.62**	2,798,722,280.85
Other cash and bank balances	**6,322,900.00**	6,322,400.00
	3,077,521,029.15	2,805,072,385.39
Less: Restricted bank deposits	**26,322,900.00**	41,845,516.22
Time deposits with maturity of more than three months	**891,200,000.00**	648,000,000.00
Cash and cash equivalents	**2,159,998,129.15**	2,115,226,869.17
Including: Frozen deposits from pending lawsuits	**20,000,000.00**	35,523,116.22
Secured bank deposits from bidding deposits	**6,322,900.00**	6,322,400.00
	26,322,900.00	41,845,516.22

As at 30 June 2020, the cash and bank balances deposited overseas by the Group were equivalent to RMB63,000,005.16 (31 December 2019: RMB61,962,648.95).

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 2020 (unaudited)	31 December 2019
Within 1 year	**98,057,599.11**	88,727,519.18
1 to 2 years	**26,337.16**	147,686.32
2 to 3 years	**94,186.22**	140,716.39
Over 3 years	**3,876,077.43**	3,896,601.43
	102,054,199.92	92,912,523.32
Less: Provision for bad debts	**9,692,021.54**	11,432,059.74
	92,362,178.38	81,480,463.58

	30 June 2020 (unaudited)				
	Balance		**Provision for bad debts**		**Carrying amount**
	Amount	**Percentage** *(%)*	**Amount**	**Percentage of provision** *(%)*	
Provision for bad debts made individually	946,943.74	1	946,943.74	100	–
Provision for bad debts made by portfolio of credit risk characteristics	101,107,256.18	99	8,745,077.80	9	92,362,178.38
	102,054,199.92	100	9,692,021.54	9	92,362,178.38

	31 December 2019				
	Balance		Provision for bad debts		Carrying amount
	Amount	Percentage *(%)*	Amount	Percentage of provision *(%)*	
Provision for bad debts made individually	2,892,625.54	3	2,892,625.54	100	–
Provision for bad debts made by portfolio of credit risk characteristics	90,019,897.78	97	8,539,434.20	9	81,480,463.58
	92,912,523.32	100	11,432,059.74	12	81,480,463.58

Accounts receivable which are subject to provision for bad debts made by portfolio of credit risk characteristics is as follows:

	30 June 2020 (unaudited)			31 December 2019		
	Estimated balance arising from default	**Expected credit loss ratio (%)**	**Lifetime expected credit loss**	Estimated balance arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	**97,110,655.37**	**5**	**4,780,367.89**	85,834,893.64	5	4,465,259.80
1 to 2 years	**26,337.16**	**42**	**11,008.94**	147,686.32	42	62,202.34
2 to 3 years	**94,186.22**	**82**	**77,623.54**	140,716.39	82	115,370.63
Over 3 years	**3,876,077.43**	**100**	**3,876,077.43**	3,896,601.43	100	3,896,601.43
	101,107,256.18		**8,745,077.80**	90,019,897.78		8,539,434.20

For the six months ended 30 June 2020, the provision for bad debts of the Group was RMB221,819.09 (2019: RMB2,822,231.20) and the recovered or reversed bad debts provision was RMB1,961,857.29 (2019: RMB4,054,910.45).

For the six months ended 30 June 2020, the Group had no accounts receivable actually written off (2019: nil).

As of 30 June 2020, no accounts receivable of the Group was pledged (31 December 2019: Nil).

As of 30 June 2020, 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. (中國秦皇島外輪代理有限公司)	17,447,757.93	17.10	872,387.90	5
Hebei Jidong Hexin Logistics Co., Ltd. (河北冀東和信物流有限公司)	14,916,066.18	14.62	745,803.31	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	12,848,452.00	12.59	642,422.60	5
Anyang Iron & Steel Co., Ltd. (安陽鋼鐵股份有限公司)	8,796,061.30	8.62	439,803.07	5
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	5,143,787.00	5.04	257,189.35	5
	59,152,124.41	57.97	2,957,606.23	

As of 31 December 2019, the top five amounts of accounts receivable are as follows:

	Carrying amount		Provision for bad debts	
	Amount	**Percentage** *(%)*	**Amount**	**Percentage of provision** *(%)*
Hebei Jidong Hexin Logistics Co., Ltd. (河北冀東和信物流有限公司)	24,901,095.90	26.80	1,245,054.80	5
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	18,721,035.00	20.15	936,051.75	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	5,597,760.00	6.02	279,888.00	5
Qinhuangdao COSCO Shipping Container Shipping Agency Co., Ltd. (秦皇島中遠海運集裝箱船務代理有限公司)	5,041,445.58	5.43	252,072.28	5
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	3,424,110.28	3.69	171,205.51	5
	57,685,446.76	62.09	2,884,272.34	

3. **Inventories**

	30 June 2020 (unaudited)			31 December 2019		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Materials	**61,339,806.92**	**3,746,641.99**	**57,593,164.93**	60,279,175.84	4,181,062.02	56,098,113.82
Fuels	**1,761,568.06**	**–**	**1,761,568.06**	2,489,709.73	–	2,489,709.73
Spare parts	**136,655,000.27**	**2,822,674.79**	**133,832,325.48**	125,992,099.79	3,394,019.48	122,598,080.31
Low-cost consumables	**6,340,144.59**	**22,831.18**	**6,317,313.41**	4,258,614.45	23,164.93	4,235,449.52
Finished goods	**–**	**–**	**–**	728,380.56	–	728,380.56
	206,096,519.84	**6,592,147.96**	**199,504,371.88**	193,747,980.37	7,598,246.43	186,149,733.94

Change in allowance for inventories is as follows:

For the six months ended 30 June 2020 (unaudited)

	Opening balance	**Provision for the period**	**Decrease during the period**		**Closing balance**
			Reversal	**Write-off**	
Materials	4,181,062.02	–	–	(434,420.03)	3,746,641.99
Spare parts	3,394,019.48	–	–	(571,344.69)	2,822,674.79
Low-cost consumables	23,164.93	–	–	(333.75)	22,831.18
	7,598,246.43	–	–	(1,006,098.47)	6,592,147.96

2019

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Materials	4,319,128.82	–	–	(138,066.80)	4,181,062.02
Spare parts	3,422,881.22	–	–	(28,861.74)	3,394,019.48
Low-cost consumables	25,249.83	–	–	(2,084.90)	23,164.93
	7,767,259.87	–	–	(169,013.44)	7,598,246.43

4. Fixed Assets

	30 June 2020 (unaudited)	31 December 2019
Fixed assets	**13,864,160,581.49**	14,386,156,309.03
Disposal of fixed assets	**796,995.06**	299,157.61
	13,864,957,576.55	14,386,455,466.64

For the six months ended 30 June 2020 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2020	6,072,567,679.25	8,747,719,133.88	10,213,854,696.67	508,238,507.01	257,633,261.43	25,800,013,278.24
Purchase	–	–	232,963.72	270,800.00	8,406.19	512,169.91
Transferred from construction in progress	–	268,669.39	53,260,487.05	2,453,099.79	7,235,467.84	63,217,724.07
Reclassification	–	–	(128,909.09)	–	128,909.09	–
Disposal for the period	–	–	(15,391,977.28)	(14,110,849.77)	(1,284,393.32)	(30,787,220.37)
30 June 2020	6,072,567,679.25	8,747,987,803.27	10,251,827,261.07	496,851,557.03	263,721,651.23	25,832,955,951.85
Accumulated depreciation						
1 January 2020	1,707,567,240.43	2,578,159,079.96	6,466,412,513.29	403,481,246.52	190,950,750.70	11,346,570,830.90
Provision for the period	129,796,836.74	169,054,062.36	263,321,455.57	13,408,422.75	8,480,347.93	584,061,125.35
Reclassification	–	–	(15,620.06)	–	15,620.06	–
Disposal for the period	–	–	(14,388,627.19)	(13,498,060.21)	(1,236,036.80)	(29,122,724.20)
30 June 2020	1,837,364,077.17	2,747,213,142.32	6,715,329,721.61	403,391,609.06	198,210,681.89	11,901,509,232.05
Provision for impairment						
1 January 2020	–	–	66,602,489.44	10,132.88	673,515.99	67,286,138.31
Reclassification	–	–	(14,558.65)	–	14,558.65	–
30 June 2020	–	–	66,587,930.79	10,132.88	688,074.64	67,286,138.31
Carrying amounts						
30 June 2020	4,235,203,602.08	6,000,774,660.95	3,469,909,608.67	93,449,815.09	64,822,894.70	13,864,160,581.49
1 January 2020	4,365,000,438.82	6,169,560,053.92	3,680,839,693.94	104,747,127.61	66,008,994.74	14,386,156,309.03

2019

	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	–	–	1,195,857.88	314,827.43	575,456.68	2,086,141.99
Transferred from construction in progress	3,187,971.28	465,506.53	43,101,660.15	2,319,139.09	13,097,446.70	62,171,723.75
Reclassification	(31,464,387.30)	4,460,304.34	28,535,853.21	–	(1,531,770.25)	–
Disposal for the year	(1,932,685.56)	–	(61,918,500.01)	(9,540,869.57)	(13,121,576.89)	(86,513,632.03)
Transferred to right-of-use assets for the year	(131,108,800.00)	–	–	–	–	(131,108,800.00)
31 December 2019	6,072,567,679.25	8,747,719,133.88	10,213,854,696.67	508,238,507.01	257,633,261.43	25,800,013,278.24
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 year	259,884,026.95	337,800,020.44	535,868,904.22	27,587,488.57	16,557,186.57	1,177,697,626.75
Reclassification	(3,832,991.08)	565,236.23	3,944,018.83	–	(676,263.98)	–
Disposal for the year	(38,818.62)	–	(56,558,601.79)	(9,232,268.42)	(12,642,335.21)	(78,472,024.04)
Transferred to right-of-use assets for the year	(6,191,249.04)	–	–	–	–	(6,191,249.04)
31 December 2019	1,707,567,240.43	2,578,159,079.96	6,466,412,513.29	403,481,246.52	190,950,750.70	11,346,570,830.90
Provision for impairment						
1 January 2019	–	–	69,966,559.16	10,132.88	794,799.64	70,771,491.68
Reclassification	–	–	46,755.85	–	(46,755.85)	–
Write off for the year	–	–	(3,410,825.57)	–	(74,527.80)	(3,485,353.37)
31 December 2019	–	–	66,602,489.44	10,132.88	673,515.99	67,286,138.31
Carrying amounts of fixed assets						
31 December 2019	4,365,000,438.82	6,169,560,053.92	3,680,839,693.94	104,747,127.61	66,008,994.74	14,386,156,309.03
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

As at 30 June 2020, the Group has no fixed assets which were temporarily idle (31 December 2019: nil).

Fixed assets leased out under operating leases is as follows:

For the six months ended 30 June 2020 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other \equipment	Total
Cost						
1 January 2020	2,606,651.37	28,948,268.61	42,582,126.32	427,816.00	15,900.00	74,580,762.30
Transferred to fixed assets during the period	7,330,726.30	–	–	–	26,500.00	7,357,226.30
Transferred from fixed assets during the period	(2,606,651.37)	(28,948,268.61)	(18,841,508.12)	(427,816.00)	(15,900.00)	(50,840,144.10)
30 June 2020	**7,330,726.30**	**–**	**23,740,618.20**	**–**	**26,500.00**	**31,097,844.50**
Accumulated depreciation						
1 January 2020	732,129.67	8,887,261.42	20,131,876.19	414,981.52	11,781.00	30,178,029.80
Transferred to fixed assets during the period	346,511.42	–	–	–	19,278.00	365,789.42
Provision	277,197.97	–	1,151,419.80	–	2,142.00	1,430,759.77
Transferred from fixed assets during the period	(732,129.67)	(8,887,261.42)	(12,647,647.49)	(414,981.52)	(11,781.00)	(22,693,801.10)
30 June 2020	**623,709.39**	**–**	**8,635,648.50**	**–**	**21,420.00**	**9,280,777.89**
Carrying amounts						
30 June 2020	**6,707,016.91**	**–**	**15,104,969.70**	**–**	**5,080.00**	**21,817,066.61**
1 January 2020	1,874,521.70	20,061,007.19	22,450,250.13	12,834.48	4,119.00	44,402,732.50

2019

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation 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 year	–	–	15,928,208.12	427,816.00	15,900.00	16,371,924.12
Transferred from fixed assets during the year	(62,645.04)	–	(23,376,488.59)	–	(32,172.37)	(23,471,306.00)
31 December 2019	2,606,651.37	28,948,268.61	42,582,126.32	427,816.00	15,900.00	74,580,762.30
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 year	–	–	9,831,825.63	414,981.52	8,996.40	10,255,803.55
Provision	214,926.89	1,437,175.58	3,202,402.92	–	2,784.60	4,857,289.99
Transferred from fixed assets during the year	(22,343.36)	–	(5,225,601.51)	–	(14,419.50)	(5,262,364.37)
31 December 2019	732,129.67	8,887,261.42	20,131,876.19	414,981.52	11,781.00	30,178,029.80
Carrying amounts						
31 December 2019	1,874,521.70	20,061,007.19	22,450,250.13	12,834.48	4,119.00	44,402,732.50
1 January 2019	2,129,750.27	21,498,182.77	37,707,157.64	–	17,752.87	61,352,843.55

5. Construction in Progress

	30 June 2020 (unaudited)			31 December 2019		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	**677,671,339.88**	**–**	**677,671,339.88**	672,446,295.76	–	672,446,295.76
Commencing project of complex port zone in Huanghua Port	**31,691,596.19**	**–**	**31,691,596.19**	20,258,154.40	–	20,258,154.40
35-ton open-top container handling and environmental protection upgrading project	**51,673,359.53**	**–**	**51,673,359.53**	47,487,044.15	–	47,487,044.15
Phase 1 of crude oil terminal of Huanghua Port	**32,302,017.67**	**–**	**32,302,017.67**	32,070,885.59	–	32,070,885.59
The sixth and seventh coal terminal in Caofeidian	**10,824,246.74**	**–**	**10,824,246.74**	10,632,568.33	–	10,632,568.33
Others	**64,385,044.78**	**24,416,466.25**	**39,968,578.53**	60,185,113.00	24,416,466.25	35,768,646.75
Total	**868,547,604.79**	**24,416,466.25**	**844,131,138.54**	843,080,061.23	24,416,466.25	818,663,594.98

For the six months ended 30 June 2020 (unaudited)

	Budget	Opening Balance	Increase in the period	Transferred from fixed assets or intangible assets during the period	Transferred to fixed assets and intangible assets during the period	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	**2,360,000,000.00**	**672,446,295.76**	**7,466,944.14**	**–**	**(5,870.00)**	**(2,236,030.02)**	**677,671,339.88**	**Fund raised, loans from financial institutes and self-owned capital**	**29**
Commencing project of complex port zone in Huanghua Port	**7,555,702,691.90**	**20,258,154.40**	**11,702,111.18**	**–**	**(268,669.39)**	**–**	**31,691,596.19**	**Loans from financial institutes and self-owned capital**	**91**
35-ton open-top container handling and environmental protection upgrading project	**86,093,400.00**	**47,487,044.15**	**4,186,315.38**	**–**	**–**	**–**	**51,673,359.53**	**Self-owned capital**	**60**
Phase 1 of crude oil terminal of Huanghua Port	**2,987,898,500.00**	**32,070,885.59**	**358,242.08**	**–**	**(127,110.00)**	**–**	**32,302,017.67**	**Self-owned capital**	**1**
The sixth and seventh coal terminal in Caofeidian	**15,000,000,000.00**	**10,632,568.33**	**547,872.28**	**–**	**–**	**(358,193.87)**	**10,824,246.74**	**Self-owned capital**	**1**
Others	**2,772,127,167.97**	**60,185,113.00**	**72,562,975.52**	**–**	**(67,475,962.33)**	**(887,081.41)**	**64,385,044.78**		
Total	**30,761,821,759.87**	**843,080,061.23**	**96,824,460.58**	**–**	**(67,877,611.72)**	**(3,479,305.30)**	**868,547,604.79**		

2019

	Budget	Opening Balance	Increase in the period	Transferred from fixed assets or intangible assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	670,779,861.54	2,785,307.49	–	(1,118,873.27)	–	672,446,295.76	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	4,142,839.95	–	-	–	20,258,154.40	Loans from financial institutes and self-owned capital	91
35-ton open-top container handling and environmental protection upgrading project	86,093,400.00	-	47,487,044.15	–	-	–	47,487,044.15	Self-owned capital	55
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	24,843,918.62	7,226,966.97	–	-	–	32,070,885.59	Self-owned capital	1
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	-	10,632,568.33	–	-	–	10,632,568.33	Self-owned capital	1
Others	6,259,940,181.12	44,975,647.30	98,847,385.34	–	(83,113,269.04)	(524,650.60)	60,185,113.00		
Total	34,940,496,173.02	756,714,741.91	171,122,112.23	–	(84,232,142.31)	(524,650.60)	843,080,061.23		

For the six months ended 30 June 2020, the Group's capitalized interest included in construction in progress was RMB242,583.34 (2019: nil).

Movements in significant construction in progress for the six months ended 30 June 2020 are as follows:

	Progress of project	**Accumulated amounts of capitalized interest**	**Including: Capitalized interest for the period**	**Ratio of capitalized interest for the period**
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	29%	467,889,787.27	242,583.34	4.10%

6. Short-term Borrowings

	30 June 2020 (unaudited)	31 December 2019
Unsecured borrowings *(Note 1)*	**194,164,681.20**	151,581,786.20
Interest payable on short-term borrowings	**130,152.78**	229,711.11
	194,294,833.98	151,811,497.31

Note 1: As at 30 June 2020, the interest rate of the above unsecured borrowings ranged from 3.46% to 6.00% (31 December 2019: 3.76% to 6.00%) per annum.

As at 30 June 2020, the Group has no overdue borrowings (31 December 2019: nil).

7. Accounts Payable

	30 June 2020 (unaudited)	31 December 2019
Accounts payable	**316,070,261.78**	164,642,529.63

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

An ageing analysis of accounts payable is as follows:

	30 June 2020 (unaudited)	31 December 2019
Within 1 year	**300,315,811.72**	145,972,351.26
1 to 2 years	**7,063,938.52**	8,881,066.27
2 to 3 years	**6,903,597.16**	7,166,217.99
Over 3 years	**1,786,914.38**	2,622,894.11
	316,070,261.78	164,642,529.63

As at 30 June 2020, the Group had no significant accounts payable aging more than 1 year (31 December 2019: nil).

8. Contract Liabilities

January to June 2020 (unaudited)

	Opening balance	**Increase in the period**	**Revenue recognized**	**Other changes**	**Closing balance**
Port handling fees	521,347,567.01	2,885,762,534.99	(2,910,069,047.11)	(6,004,079.82)	491,036,975.07
Weighing fees	4,088,240.03	7,853,538.44	(9,112,840.50)	(198,770.14)	2,630,167.83
Others	740,253.76	3,951,424.76	(3,936,856.58)	(55,799.00)	699,022.94
	526,176,060.80	2,897,567,498.19	(2,923,118,744.19)	(6,258,648.96)	494,366,165.84

2019

	Opening balance	Increase in the year	Revenue recognized	Other changes	Closing balance
Port handling fees	491,023,365.99	6,554,147,363.54	(6,508,303,807.84)	(15,519,354.68)	521,347,567.01
Weighing fees	2,454,734.42	16,434,820.81	(14,518,790.62)	(282,524.58)	4,088,240.03
Others	481,850.33	12,359,631.05	(6,271,732.05)	(5,829,495.57)	740,253.76
	493,959,950.74	6,582,941,815.40	(6,529,094,330.51)	(21,631,374.83)	526,176,060.80

9. Taxes Payable

	30 June 2020 (unaudited)	31 December 2019
Enterprise income tax	**85,835,420.33**	57,662,382.50
Environmental protection taxes	**69,204,894.48**	70,356,895.93
VAT	**14,183,579.74**	108,353.96
City maintenance and construction tax	**1,022,218.65**	7,584.78
Education surcharge	**730,156.19**	5,417.70
Individual income tax	**465,003.12**	2,835,103.10
Stamp duty	**33,997.20**	82,190.92
Property tax	**–**	1,815,136.22
Land use tax	**–**	3,673,926.01
	171,475,269.71	136,546,991.12

10. Long-term Borrowings

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

	30 June 2020 (unaudited)	31 December 2019
Within 1 year (including 1 year)	**816,055,690.52**	689,649,033.78
Within 2 years (including 2 years)	**789,389,353.00**	648,691,848.00
Within 3 to 5 years (including 3 years and 5 years)	**3,103,926,754.98**	2,933,593,774.98
Over 5 years	**1,775,921,890.00**	2,301,396,870.00
	6,485,293,688.50	6,573,331,526.76

11. Operating Revenue and Cost

	January to June 2020 (unaudited)		January to June 2019 (unaudited)	
	Revenue	**Cost**	Revenue	Cost
Principal operations	**2,990,119,781.82**	**1,780,218,920.58**	3,384,992,560.83	1,889,887,988.72
Other operations	**5,282,297.30**	**2,431,930.31**	5,713,324.24	1,557,254.23
	2,995,402,079.12	**1,782,650,850.89**	3,390,705,885.07	1,891,445,242.95

The operating revenue is categorized as follows:

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Revenue from contracts with customers	**2,991,479,764.96**	3,382,787,707.83
Rental income	**3,922,314.16**	7,918,177.24
	2,995,402,079.12	3,390,705,885.07

The breakdown of revenue from contracts with customers is as follows:

Reporting segment-integrated port services	**January to June 2020 (unaudited)**	January to June 2019 (unaudited)
Principal place of business		
Qinhuangdao	**2,052,616,029.97**	2,491,525,471.65
Others	**938,863,734.99**	891,262,236.18
	2,991,479,764.96	3,382,787,707.83
Main business types		
Service in relation to coal and relevant products	**2,171,866,194.98**	2,638,760,169.62
Service in relation to metal ore and relevant products	**504,440,332.91**	495,006,568.65
Service in relation to general and other cargoes	**207,377,652.74**	125,586,330.43
Container service	**37,984,737.32**	43,626,043.43
Service in relation to liquefied cargoes	**26,217,509.87**	34,093,190.67
Others	**43,593,337.14**	45,715,405.03
	2,991,479,764.96	3,382,787,707.83

The revenue recognized in the Reporting Period included in the book value of the contract liabilities at the beginning of the year is as follows:

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Contract liabilities	**409,390,816.44**	397,184,125.01

12. Financial Cost

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Interest expenses	**157,290,624.99**	172,667,504.47
Including: Interest expenses on lease liabilities	**355,090.37**	532,038.49
Less: Interest income	**17,454,727.14**	17,074,459.78
Less: Capitalized interest	**242,583.34**	–
Foreign exchange gain	**(900,507.74)**	(216,671.01)
Others	**201,435.26**	244,155.62
	138,894,242.03	155,620,529.30

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

The breakdown of interest income is as follows:

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Interest income from bank deposits	**17,454,727.14**	17,074,459.78

13. Investment Income

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Long-term equity investment income accounted for under the equity method	**88,664,876.08**	113,679,555.02
Dividend income on other equity instrument investments held	**5,100,000.00**	5,651,000.00
Interest income on wealth management products	**1,296,562.42**	696,680.02
Investment income generated from disposal of subsidiaries	**–**	16,886,790.00
	95,061,438.50	136,914,025.04

14. Non-operating Income

	January to June 2020 (unaudited)	January to June 2019 (unaudited)	Non-recurring profit and loss from January to June 2020 (unaudited)
Gains from spoilage and obsolescence of non-current assets	**462,186.11**	1,456,418.62	462,186.11
Payables waived	**2,500.00**	165,541.79	2,500.00
Government subsidy	**–**	2,047,169.81	–
Others	**154,201.89**	357,387.21	154,201.89
	618,888.00	4,026,517.43	618,888.00

15. Income Tax Expense

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Current income tax expenses	**154,853,045.11**	248,133,077.37
Deferred income tax expenses	**43,176,542.83**	(61,244,710.14)
	198,029,587.94	186,888,367.23

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

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Total profit	**711,245,216.34**	705,097,042.31
Income tax expenses calculated at the statutory tax rate	**177,811,304.09**	176,274,260.58
Effect of different tax rates of subsidiaries	**(576,989.24)**	(17,477,908.21)
Income not subject to tax	**(1,275,000.00)**	(1,412,750.00)
Share of profits and losses of joint ventures and associates	**(22,166,219.02)**	(28,419,888.76)
Expenses not deductible for tax	**6,196,136.80**	3,739,722.28
Utilizing deductible losses not recognized in previous years	**(418,566.90)**	(528,710.71)
Unrecognized deductible losses	**35,143,622.15**	46,478,260.15
Unrecognized deductible temporary differences	**279,009.40**	145,023.03
Adjustments in respect of current income tax of previous periods	**(671,406.22)**	4,739,898.98
Others	**3,707,696.88**	3,350,459.89
Income tax expense at the Group's effective rate	**198,029,587.94**	186,888,367.23

16. Earnings per Share

	January to June 2020 (unaudited)	January to June 2019 (unaudited)
Basic and diluted earnings per share from continuing operations	**0.10**	0.10

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 2020 (unaudited)	January to June 2019 (unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company from continuing operations	**575,741,812.29**	549,099,796.92
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 2020 (January to June 2019: nil).

DISCUSSION AND ANALYSIS OF OPERATIONS

(I) Overview

(1) General Situation

In the first half of 2020, in the face of the severe challenges posed by the outbreak of the COVID-19 epidemic (the "Epidemic"), all citizens across China conscientiously implemented the decisions and deployments of the Committee of the Communist Party and the State Council, as well as coordinated and facilitated the works on epidemic prevention and control and economic and social development. The situation of epidemic prevention and control continued to improve, with resumption of work, production and commercial activities proceeded smoothly. The effects of macroeconomic policies have gradually emerged, and economic growth has turned from negative to positive, reflecting a steady recovery in overall economy. In the first half of the year, China's GDP amounted to RMB45,661.4 billion on a constant price basis, representing a decrease of 1.6% as compared to the corresponding period of last year. In particular, the added value of the primary industry was RMB2,605.3 billion, representing an increase of 0.9%; the added value of the secondary industry was RMB17,275.9 billion, representing a decrease of 1.9%; and the added value of the tertiary industry was RMB25,780.2 billion, representing a decrease of 1.6%. In the second quarter, China's GDP was RMB25,011 billion on a constant price basis, representing an increase of 3.2% as compared to the corresponding period of last year, and a decline of 6.8% as compared to the first quarter. The economic growth rate has turned from negative to positive, while the overall economy is showing a rapid recovery trend.

(2) Overview of Port Industry in the PRC

In the first half of 2020, with the implementation of regular epidemic prevention and control and various works on transportation for economic and social development started producing their effects, the major indicators of China's port industry have continued to recover and improve. According to the statistics from the Ministry of Transport, the cargo throughput in ports reached 6.75 billion tonnes during the first half of the year, representing a year-on-year increase of 0.6%. In particular, cargo throughout grew by 5.2% in the second quarter, maintaining growth for three consecutive months since April. In terms of different segments, the throughput of domestic trade decreased by 0.1%, while the throughput of foreign trade increased by 2.2%. The throughput of containers reached 120 million TEUs, representing a year-on-year decrease of 5.4%.

For coal business, the accelerated recovery of coal production, rapid growth in imports and steady supply had provided secured energy supply for the continuous restoration of economic and social order. In the first half of 2020, the national raw coal output was 1.81 billion tonnes, representing a year-on-year increase of 0.6%. Coal imports were 170 million tonnes, representing a year-on-year increase of 12.7%, with growth rate 6.9 percentage points higher than that of the corresponding period of last year. During the first half of the year, the Epidemic affected economic and social development in short run, thus adversely affected the coal demand to a certain extent. According to statistics published by China Electricity Council, the thermal power generation of national scale power plant was 2,434.3 billion kWh in the first half of the year, representing a year-on-year decrease of 1.6%, with growth rate declined by 1.8 percentage points as compared to the corresponding period of last year. During the first half of the year, the volume of coal railway shipment was 1.12 billion tonnes, representing a year-on-year decrease of 6.8%. As a result, there was a decline in domestic trade coal shipment in ports in Northern China during the first half of the year as compared to last year.

For iron ore business, steel output grew steadily. There was greater demand in iron ores, and the import volume of iron ores has increased significantly. In the first half of the year, the national output of pig iron, crude steel and steel reached 432.68 million tonnes, 499.01 million tonnes and 605.84 million tonnes, representing a year-on-year increase of 2.2%, 1.4% and 2.7%, respectively. In the first half of the year, 547 million tonnes of imported iron ores were inspected by customs, representing an increase of 9.6%. As driven by import growth, iron ore loading and unloading volume in major coastal ports of Northern China recorded growth to a different extent.

For oil business, in the first half of the year, crude oil production reached 96.5 million tonnes, representing a year-on-year increase of 1.5%. Import growth remained steady. The volume of imported crude oil reached 269 million tonnes, representing a year-on-year increase of 9.9%. Due to the growth in foreign trade imported crude oil, during the first half of the year, the crude oil throughput in most of the coastal ports has increased as compared to last year.

(II) DISCUSSION AND ANALYSIS OF OPERATIONS

(1) Revenue

During the Reporting Period, revenue of the Company amounted to RMB2,995.4021 million, representing a decrease of 11.66% as compared to the corresponding period of last year, mainly due to the decrease in coal throughput of Qinhuangdao Port as affected by the Epidemic.

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 corresponding period of last year (%)	Increase/ decrease of operating cost as compared with that in the corresponding period of last year (%)	Increase/ decrease of gross profit margin as compared with that in the corresponding period of last year
Service in relation to coal and relevant products	2,171,866,194.98	1,224,502,038.89	43.62	-17.69	-5.60	decreased by 7.22 percentage points
Service in relation to metal ore and relevant products	504,440,332.91	334,357,852.21	33.72	1.91	-1.69	increased by 2.43 percentage points
Service in relation to general and other cargoes	207,377,652.74	132,895,195.40	35.92	65.13	-13.04	increased by 57.6 percentage points
Container service	37,984,737.32	35,607,229.73	6.26	-12.93	-9.26	decreased by 3.79 percentage points
Service in relation to liquefied cargoes	26,217,509.87	26,711,747.79	-1.89	-23.1	-9.71	decreased by 15.11 percentage points
Revenue from others	47,515,651.30	28,576,786.87	39.86	-11.41	-12.04	increased by 0.44 percentage point

Principal Operations by Regions

By regions	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the corresponding period of last year (%)	Increase/ decrease of operating cost as compared with that in the corresponding period of last year (%)	Increase/ decrease of gross profit margin as compared with that in the corresponding period of last year
Qinhuangdao	2,055,467,181.64	1,040,578,148.95	49.38	-21.31	-12.35	decreased by 3.73 percentage points
Others	939,934,897.48	742,072,701.94	21.05	4.54	2.66	increased by 1.55 percentage points

(2) Operating Costs

During the Reporting Period, operating costs of the Company amounted to RMB1,782.6509 million, representing a decrease of 5.75% as compared to the corresponding period of last year, mainly due to the year-on-year decrease in labour costs attributable to the combined effect of employees who leave their posts and wait for retirement as well as the national social security relief policy during the Epidemic.

(3) Gross Profit Margin

During the Reporting Period, gross profit of the Company amounted to RMB1,212.7512 million, representing a decrease of 19.11% as compared to the corresponding period of last year. Gross profit margin of the Company for the Reporting Period was 40.49%, representing a decrease of 3.73 percentage points as compared to the corresponding period of last year.

(4) Segment Analysis (Business Review)

During the Reporting Period, the Company achieved a total cargo throughput of 175.60 million tonnes, representing a decrease of 14.29 million tonnes or 7.53% as compared to the throughput of 189.89 million tonnes in the corresponding period of 2019.

The throughputs generated from each of the ports of the Company are as follows:

	First half year of 2020		First half year of 2019			
	Throughput	**Percentage of total throughput**	Throughput	Percentage of total throughput	Increase/ (decrease)	Increase/ (decrease)
	(million tonnes)	***(%)***	*(million tonnes)*	*(%)*	*(million tonnes)*	*(%)*
Qinhuangdao Port	**89.70**	**51.08**	107.88	56.81	(18.18)	(16.85)
Caofeidian Port	**52.21**	**29.73**	50.09	26.38	2.12	4.23
Huanghua Port	**33.69**	**19.19**	31.92	16.81	1.77	5.55
Total	**175.60**	**100.00**	189.89	100.00	(14.29)	(7.53)

During the Reporting Period, the Company achieved a cargo throughput of 89.70 million tonnes in Qinhuangdao Port, representing a decrease of 18.18 million tonnes or 16.85% from 107.88 million tonnes for the corresponding period of 2019. The decrease was mainly due to the impacts of the Epidemic, the decline in power consumption of downstream enterprises due to insufficient operation, the decrease in the daily consumption of power plants as compared with the corresponding period of last year and the decline in coal demand. As a result, coal throughput in Qinhuangdao Port has dropped greatly.

The Company achieved a cargo throughput of 52.21 million tonnes in Caofeidian Port, representing an increase of 2.12 million tonnes or 4.23% from 50.09 million tonnes for the corresponding period of 2019. The increase was mainly due to the increase in infrastructure investments, as supported by national economic policies, stimulated the demand for iron and steel, thus driving the import and export of iron ore.

The Company achieved a cargo throughput of 33.69 million tonnes in Huanghua Port, representing an increase of 1.77 million tonnes or 5.55% from 31.92 million tonnes for the corresponding period of 2019. The increase was mainly due to the stable ore demand of steel enterprises in the Hinterland of the port, the improvement of port railway and automobile transportation efficiency, and the transfer of some ore sources from the surrounding ports to the water source of Huanghua Port.

The cargo throughput of each type of cargoes handled by the Company is set out below:

	First half year of 2020		First half year of 2019			
	Throughput	**Percentage of total throughput**	Throughput	Percentage of total throughput	Increase/ (decrease)	Increase/ (decrease)
	(million tonnes)	***(%)***	*(million tonnes)*	*(%)*	*(million tonnes)*	*(%)*
Coal	**100.12**	**57.02**	119.52	62.94	(19.40)	(16.23)
Metal ore	**57.47**	**32.73**	52.80	27.81	4.67	8.84
Oil and liquefied chemicals	**1.14**	**0.65**	1.41	0.74	(0.27)	(19.15)
Container	**6.71**	**3.82**	8.26	4.35	(1.55)	(18.77)
General and other cargoes	**10.16**	**5.78**	7.90	4.16	2.26	28.61
Total	**175.60**	**100.00**	189.89	100.00	(14.29)	(7.53)

1. *Dry bulk cargoes handling services*

The dry bulk cargoes handling services of the Company mainly include coal and metal ores handling services. During the Reporting Period, the Company recorded a total dry bulk cargoes throughput of 157.59 million tonnes, representing a decrease of 14.73 million tonnes or 8.55% from 172.32 million tonnes for the corresponding period of 2019.

During the Reporting Period, the Company achieved a total coal throughput of 100.12 million tonnes, representing a decrease of 19.40 million tonnes or 16.23% from 119.52 million tonnes for the corresponding period of 2019. Such decrease was mainly due to the downward pressure on the economy caused by the Epidemic. In addition, substantial amount of imported coal was cleared and landed during the first half of the year, resulting in sluggish domestic trade coal demand.

During the Reporting Period, the Company achieved a total metal ores throughput of 57.47 million tonnes, representing an increase of 4.67 million tonnes or 8.84% from 52.80 million tonnes for the corresponding period of 2019. Such increase was mainly due to the increase in the demand for ore from steel mills in the Hinterland as driven by the national economic policies, and the significant increase in volume of "transformation from road haulage to rail-freight transport".

2. *Oil and liquefied chemicals handling services*

During the Reporting Period, the Company recorded a total oil and liquefied chemicals throughput of 1.14 million tonnes, representing a decrease of 0.27 million tonnes or 19.15% from 1.41 million tonnes for the corresponding period of 2019. The decrease was mainly due to the prolong suspension of operation of asphalt plants in the Hinterland during the Reporting Period as affected by the Epidemic and fluctuations in the international crude oil market.

3. *Container services*

During the Reporting Period, the Company recorded a total container throughput of 610,641 TEUs, equivalent to a throughput of 6.71 million tonnes, representing increases in the number of containers handled and throughput of 32,638 TEUs (i.e. 5.65%) as compared with the number of containers handled and throughput of 578,003 TEUs and 8.26 million tonnes for the corresponding period of 2019, respectively. Such increase was mainly due to the launch of "Huanghua Port-Tianjin Port" daily service resulting in significant increase in container throughput.

4. *General cargoes handling services*

During the Reporting Period, the Company recorded a total throughput of general and other cargoes of 10.16 million tonnes, representing an increase of 2.26 million tonnes or 28.61% from 7.90 million tonnes for the corresponding period of 2019. Such increase was mainly due to the strong demand in infrastructure market of Southern China and the steady and continuous growth of the Company's sea-rail intermodal transportation business.

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

The Company also provides a variety of ancillary port services and value-added services. Ancillary port services of the Group include tugging, tallying, trans-shipping, and shipping agency services. 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 2020, the revenue of ancillary port services and value-added services of the Company amounted to RMB49,660,000, representing a decrease of RMB3,970,000 or 7.40% from RMB53,630,000 for the corresponding period of 2019.

(5) Tax and Surcharges

During the Reporting Period, the tax and surcharges of the Company amounted to RMB172,526,100, representing a decrease of 7.52% as compared to the corresponding period of last year, mainly due to the decrease in environmental protection tax during the Reporting Period.

(6) Administrative Expenses

During the Reporting Period, the Company's administrative expenses amounted to RMB305,437,700, representing a decrease of 50.28% as compared to the corresponding period of last year, mainly due to the provision for costs on employees who leave their posts and wait for retirement in the previous period.

(7) Financial Costs

During the Reporting Period, the Company's financial costs amounted to RMB138,894,200, representing a decrease of 10.75% as compared to the corresponding period of last year, mainly due to the decrease in the amount of loans during the Reporting Period.

(8) Other Income

During the Reporting Period, the Company's other income amounted to RMB29,572,700, representing an increase of 38.05% as compared to the corresponding period of last year, mainly due to the increase in the Company's value-added tax additional deduction and other government subsidies.

(9) Investment Income

During the Reporting Period, the Company's investment income amounted to RMB95,061,400, representing a decrease of 30.57% as compared to the corresponding period of last year, mainly due to the decrease in net profits of associates and joint ventures of the Company as compared to the corresponding period of last year attributable to the influence of the Epidemic.

(10) Gain on Disposal of Assets

During the Reporting Period, the Company's gain on disposal of assets amounted to RMB482,400, representing a decrease of 69.86% as compared to the corresponding period of last year, mainly due to the increase in income from the disposal of Cangzhou Huanghuagang Mineral Port Co., Ltd., a subsidiary of the Company during the prior period, and there is no such income from disposal during the Reporting Period.

(11) Net Non-operating Revenue and Expenses

During the Reporting Period the Company's net non-operating revenue and expenses amounted to RMB-3,267,800, representing a decrease of 191.46% as compared to the corresponding period of last year, mainly due to the increase in donation.

(12) Income Tax Expense

The Company's income tax expenses increased by RMB11,141,200 to RMB198,029,600 for the Reporting Period from RMB186,888,400 for the corresponding period of last year. The Company's effective income tax rate increased to 27.84% for the Reporting Period from 26.51% for the corresponding period of last year, mainly due to the fact that Cangzhou Huanghuagang Mineral Port Co., Ltd., a subsidiary of the Company, ceased to benefit from the "3+3 tax holiday" tax incentives during the Reporting Period.

(13) Net Profit

The Company's net profit for the Reporting Period amounted to RMB513,215,600, representing a decrease of 0.96% as compared to the corresponding period of last year, of which the net profit attributable to owners of the parent company amounted to RMB575,741,800, representing an increase of 4.85% as compared to the corresponding period of last year. The decrease in net profit was mainly due to the combined effect of the decrease in revenue attributable to the decreased throughput of the Company as affected by the Epidemic, as well as the provision for costs on employees who leave their posts and wait for retirement for the corresponding period of last year, thus the net profit dropped slightly as compared to the previous period.

The Company's net profit margin was 19.22%, representing an increase of 3.03 percentage points as compared to the corresponding period of last year.

(14) 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, the same as compared to the corresponding period of last year. Please refer to Note 16 to the financial statements for the calculation of earnings per Share.

(15) Capital Structure, Cash Flows and Financial Resources

During the Reporting Period, the Company's net cash flows generated from operating activities amounted to RMB1,271,720,800, representing a decrease of 16.71% as compared to the corresponding period of last year, mainly due to the decrease in cash generated from the sale of goods and provision of services attributable to the decrease in revenue as compared to the corresponding period of last year.

During the Reporting Period, the Company's net cash flows generated from investing activities mounted to RMB-594,719,800, representing a decrease of 250.79% as compared to the corresponding period of last year, mainly due to the fact that Caofeidian Coal Port, a subsidiary of the Company, received disposal payments for land held for sale in the previous period, as well as the increase in time deposits with maturity of more than three months of the Company during the Reporting Period.

During the Reporting Period, the Company's net cash flows from financing activities amounted to RMB-634,023,700, representing a decrease of 36.72% as compared to the corresponding period of last year, mainly due to the increase in shareholder dividends paid in the Reporting Period as compared to the corresponding period of last year.

As at 30 June 2020, the Company held a balance of cash and cash equivalents of approximately RMB2,159,998,100, representing an increase of RMB44,771,200 or 2.12% from RMB2,115,226,900 as at 31 December 2019.

As at 30 June 2020, the gearing ratio (total liabilities divided by total assets) of the Company was 38.52%, down by 0.30 percentage point as compared to the gearing ratio of 38.82% as at 31 December 2019.

(16) 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.

(17) Pledge of Assets and Contingent Liabilities

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

(18) Management of Working Capital

	30 June 2020	30 June 2019
Current ratio	**1.25**	1.03
Quick ratio	**1.16**	0.95
Turnover days of trade receivables	**16.23**	8.99
Turnover days of trade payables	**24.27**	41.19

As at 30 June 2020, the Company's current ratio and quick ratio were 1.25 and 1.16, respectively, representing an increase as compared with the current ratio of 1.03 and quick ratio of 0.95 as at 30 June 2019. The turnover days of trade receivables for the Reporting Period was 16.23 days and the turnover days of trade payables was 24.27 days, representing an increase of 7.24 days and a decrease of 16.92 days, respectively, as compared with the turnover days of trade receivables (8.99 days) and the turnover days of trade payables (41.19 days) for the corresponding period of 2019. The above indicators were within reasonable range.

(19) Overview of Major Investments

During the Reporting Period, there was no material investment by the Company.

(20) Material Acquisition and Disposal

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

(21) 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 assets.

(III) Prospects in the Second Half of 2020

In the second half of 2020, as domestic Epidemic has been effectively under control while the economy is recovering, the Company will take multiple measures to improve our production and operation, and mitigate the adverse impacts of the Epidemic on the Company, thus realizing continuous and stable growth of annual performance.

Coal business: Firstly, in the first half of the year, with the continuous improvement of Epidemic prevention and control in China and the steady recovery of economic operation, the growth rate of electricity consumption and port throughput across China increased month by month. It is expected that the prosperity of China's coal industry will show a steady and positive trend in the second half of 2020. Secondly, in the second half of the year, China's level-control policy on imported coal may step up. Demands for foreign traded coal will partially transfer to the domestic traded market, while the demands for domestic traded coal will continue to maintain a progressing trend. Thirdly, in the second half of 2020, the traffic volume of Daqin Railway will achieve restorative growth. As the main hub port of Daqin Railway, the follow-up supply of goods will continue to be guaranteed. Fourthly, upon the completion of expansion and renovation of Mongolia-Hebei Railway, the cargo storage capacity of railway will be further enhanced, which will be conducive to the throughput growth of Caofeidian Coal Port, a controlled subsidiary of the Company. To conclude, it is expected that the coal throughput of the Company will remain stable.

Metal ores business: The Company will continue to promote the iron ore "transformation from road haulage to rail-freight transport", and actively strive for the source of goods by fulfilling railway delivery conditions. The Company will enhance its cooperation with four major mining companies and traders, and accurately understand demands of our customers, striving to provide quality service projects.

Oil and liquefied chemicals business: The Company will pay close attention to the production of offshore oil platform, fuel oil processing project of asphalt plant, and land bridge transit project of Beijing railway, aiming to increase crude oil volume. The Company will enhance cooperation with storage and transportation companies in nearby regions so as to improve our product oil transfer business. The Company will also actively pay visit to customers, investigate surrounding markets, and put greater efforts in market development.

Container business: The Company will jointly develop market with railway and shipment companies, and strive to expand the cargo sources of "dry bulk to containers". We will stabilize the cross-border multimodal sea-rail transport business and vigorously promote the development of freight sources along the sea rail corridor. The Company will strive to open new routes, diversify our routes allocation and improve our port radiation.

General and other cargo business: The Company will continue to enhance its efforts in solicitation of cargoes and market development to secure more cargo resources. Through proper implementation of "transformation from road haulage to rail-freight transport", the Company will vigorously promote the development of freight sources along the sea rail corridor and the sea-rail transport business. We will improve port operation efficiency, and continuously improve the quality of customer service.

(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 securities 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 of QHD Port to regulate the securities transactions made by the Directors and Supervisors of QHD Port. 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 2020.

(IX) Independent Non-executive Directors and Audit Committee

On 30 June 2020, 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 2020.

(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 2020 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.portqhd.com/). The interim report of 2020 will be dispatched to our Shareholders on or before 30 September 2020 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 QHD Port, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"Audit Committee"	the audit committee of the Board
"Berth"	the place of a dock designated for a vessel to moor
"Board"	the board of Directors of QHD Port
"Bulk cargo"	loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo
"Caofeidian Coal Port"	Tangshan Caofeidian Coal Port Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company incorporated in the PRC with limited liability on 29 October 2009, with 51.00% of its equity interest held by the Company as at the date of this announcement
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
"Company, the Company"	Qinhuangdao Port Co., Ltd.* and its subsidiaries
"Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the the Listing Rules of the Stock Exchange
"corresponding period of 2019"	the six months ended 30 June 2019
"Daqin Railway"	the railway line from Hanjialing Station in Datong County, Shanxi Province to the Liucun South Station in Qinhuangdao City, Hebei Province
"Director(s)"	the director(s) of QHD Port
"Economic hinterland" or "Hinterland"	Hinterland connected with the port by means of transportation, a territory scope in the port where cargoes are generated from or cargoes to be transshipped through the port are consumed
"General cargo"	A general terms for cargoes of various varieties, nature and packaging forms
"H Share(s)"	Hong Kong listed ordinary share(s) in the ordinary share capital of QHD Port, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"Harbor"	land and water surface of the port within the territory of the port and demarcated by the administrative agency of local government

“Hebei Port Group”, “controlling shareholder”, “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), which directly holds 54.27% equity interest of the Company
“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 the Listing Rules of the Stock Exchange
“QHD Port”	QINHUANGDAO PORT CO., LTD.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
“Qinhuangdao Port”	Qinhuangdao Port in Qinhuangdao City, Hebei Province
“Reporting Period”	the six months ended 30 June 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal”	designated for mooring vessels, loading and unloading cargoes and boarding travelers
“TEU”	A statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU)
“Throughput”	a measure of the volume of cargo handled by a port. Where cargoes are transshipped, each unloading and loading process is measured separately as part of throughput

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

Qinhuangdao, Hebei Province, the PRC
28 August 2020

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*