

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

2021 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- The revenue of the Company amounted to RMB3,247,726.9 thousand for the Reporting Period, representing an increase of 8.42% as compared to the corresponding period of last year.
- The gross profit of the Company amounted to RMB1,281,574.8 thousand for the Reporting Period, representing an increase of 5.67% as compared to the corresponding period of last year. Our gross profit margin for the Reporting Period was 39.46%, representing a decrease of 1.03 percentage points as compared to the corresponding period of last year.
- Our net profit for the Reporting Period amounted to RMB670,686.9 thousand, representing an increase of 30.68% as compared to the corresponding period of last year. Of which, net profit attributable to owners of the parent company amounted to RMB698,850.4 thousand for the Reporting Period, representing an increase of 21.38% as compared to the corresponding period of last year.
- The earnings per Share amounted to RMB0.13 for the Reporting Period, representing an increase of 30.00% 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 2020.

* For identification purpose only

UNAUDITED CONSOLIDATED BALANCE SHEET*30 June 2021**RMB*

Assets	<i>Notes</i>	30 June 2021 (unaudited)	31 December 2020
Current assets			
Cash and bank balances	<i>1</i>	4,321,774,188.74	3,554,825,387.07
Bills receivable		168,810,943.72	158,493,277.00
Accounts receivable	<i>2</i>	69,756,530.44	58,344,006.76
Prepayments		11,945,774.98	10,788,998.64
Other receivables		51,068,460.04	53,522,988.81
Inventories	<i>3</i>	183,764,882.62	162,844,612.15
Other current assets		136,078,254.80	126,204,484.27
Total current assets		4,943,199,035.34	4,125,023,754.70
Non-current assets			
Long-term equity investments		3,248,012,141.96	3,052,665,906.74
Other equity instruments investments		848,589,691.03	787,081,978.59
Fixed assets	<i>4</i>	12,914,031,002.84	13,398,156,815.24
Construction in progress	<i>5</i>	1,652,559,313.02	1,183,040,730.64
Right-of-use assets		118,437,409.42	124,582,460.65
Intangible assets		3,014,484,562.19	3,040,805,653.86
Long-term prepaid expenses		48,365,658.22	62,249,709.20
Deferred income tax assets		379,108,560.99	396,819,306.19
Other non-current assets		147,476,000.27	72,940,444.96
Total non-current assets		22,371,064,339.94	22,118,343,006.07
Total assets		27,314,263,375.28	26,243,366,760.77

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2021

RMB

Liabilities and shareholders' equity	Notes	30 June 2021 (unaudited)	31 December 2020
Current liabilities			
Short-term borrowings	6	400,380,277.76	322,940,547.75
Bills payable		200,000.00	3,169,300.00
Accounts payable	7	299,791,566.79	185,335,672.51
Contract liabilities	8	518,104,897.38	630,272,097.10
Employee remuneration payable		798,611,783.09	705,159,894.73
Taxes payable	9	121,436,582.03	149,212,114.42
Other payables		1,146,413,581.56	674,477,406.66
Non-current liabilities due within one year		907,044,526.02	726,958,673.79
Total current liabilities		4,191,983,214.63	3,397,525,706.96
Non-current liabilities			
Long-term borrowings	10	5,922,548,644.98	5,886,790,644.98
Lease liabilities		312,579.94	452,512.09
Long-term payable		88,000,000.00	138,000,000.00
Long-term employee benefits payable		386,319,022.88	500,298,437.92
Deferred income		190,734,925.49	207,520,518.95
Deferred income tax liabilities		28,728,855.78	13,351,927.66
Total non-current liabilities		6,616,644,029.07	6,746,414,041.60
Total liabilities		10,808,627,243.70	10,143,939,748.56
Shareholders' equity			
Share capital		5,587,412,000.00	5,587,412,000.00
Capital reserve		5,207,670,068.40	5,207,670,068.40
Other comprehensive income		330,050,835.01	263,264,477.30
Special reserve		163,441,488.52	139,446,715.57
Surplus reserve		1,433,372,455.99	1,433,372,455.99
Retained profit		2,926,270,837.86	2,585,014,785.35
Total equity attributable to shareholders of the parent		15,648,217,685.78	15,216,180,502.61
Minority interests		857,418,445.80	883,246,509.60
Total shareholders' equity		16,505,636,131.58	16,099,427,012.21
Total liabilities and shareholders' equity		27,314,263,375.28	26,243,366,760.77

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

RMB

	Notes	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Revenue	11	3,247,726,857.34	2,995,402,079.12
Less: Operating costs	11	1,966,152,097.72	1,782,650,850.89
Tax and surcharges		142,009,657.29	172,526,083.16
Administrative expenses		315,101,737.50	305,437,657.13
Research and development costs		4,085,096.75	3,076,399.45
Financial costs	12	110,273,809.13	138,894,242.03
Including: Interest costs		140,051,340.91	157,048,041.65
Interest income		29,922,842.37	17,454,727.14
Add: Other income		31,276,892.12	29,572,679.41
Investment income	13	109,841,447.24	95,061,438.50
Including: Investment income from associates and joint ventures		100,481,447.24	88,664,876.08
Credit impairment loss		(5,211,307.21)	(3,420,348.14)
Gain in disposal of assets		—	482,413.23
Operating profit		846,011,491.10	714,513,029.46
Add: Non-operating income	14	5,064,633.26	618,888.00
Less: Non-operating expenses		515,038.17	3,886,701.12
Total profit		850,561,086.19	711,245,216.34
Less: Income tax expenses	15	179,874,216.15	198,029,587.94
Net profit		<u>670,686,870.04</u>	<u>513,215,628.40</u>
Classified by business continuity			
Net profit from continuing operations		670,686,870.04	513,215,628.40
Classified by ownership			
Net profit attributable to shareholders of the parent		<u>698,850,420.51</u>	<u>575,741,812.29</u>
Minority interests		<u>(28,163,550.47)</u>	<u>(62,526,183.89)</u>

UNAUDITED CONSOLIDATED INCOME STATEMENT (CONTINUED)*For the six months ended 30 June 2021**RMB*

	<i>Notes</i>	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Other comprehensive income, net of tax		68,477,099.03	40,268,345.10
Other comprehensive income attributable to shareholders of the parent, net of tax		66,786,357.71	37,459,047.93
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		22,833,041.61	21,329,842.60
Changes in fair value of investments in other equity instruments		44,440,043.00	15,680,419.46
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)
Exchange differences on foreign currency translation		(486,726.90)	893,327.40
Other comprehensive income attributable to minority shareholders, net of tax		1,690,741.32	2,809,297.17
Total comprehensive income		739,163,969.07	553,483,973.50
Including:			
Total comprehensive income attributable to shareholders of the parent		765,636,778.22	613,200,860.22
Total comprehensive income attributable to minority shareholders		(26,472,809.15)	(59,716,886.72)
Earnings per share	<i>16</i>		
Basic and diluted earnings per share		0.13	0.10

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

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, Haigang District, 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 statements have been approved by the Board of the Company by way of resolutions on 27 August 2021.

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 2020. These interim financial statements should be read in conjunction with the financial statements of the Group for the year ended 2020.

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	– 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 Concessions

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 the Announcement of the Ministry of Finance and the State Taxation Administration on the Extended Implementation of the Preferential Policies on Land Use Tax in respect of Urban and Town Land for Bulk Commodity Storage Facility of Logistics Companies (《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), during the period from 1 January 2020 to 31 December 2022, urban and town land use tax will be reduced by 50% of the rate applicable to the standards of such land owned in respect of bulk commodity storage facilities owned by logistics companies (including self-owned and leased land). In respect of land used for bulk commodity storage facilities owned by the Company and Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd.), subsidiaries of the Company, land use tax will be reduced by 50%.

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) 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 2021 (Unaudited)	31 December 2020
Cash on hand	56,693.65	29,102.29
Bank deposits	4,321,396,995.09	3,548,475,784.78
Other cash and bank balances	320,500.00	6,320,500.00
	<u>4,321,774,188.74</u>	<u>3,554,825,387.07</u>
Including: Secured bank deposits from bidding deposits	<u>320,500.00</u>	<u>6,320,500.00</u>

As at 30 June 2021, the cash and bank balances deposited overseas by the Group were equivalent to RMB56,450,983.36 (31 December 2020: RMB57,285,622.96).

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for time deposits vary from 3 months to 3 years 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 aged analysis of the accounts receivable is as follows:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	73,427,926.80	61,317,685.90
1 to 2 years	–	102,733.82
Over 3 years	3,871,077.43	3,871,077.43
	<u>77,299,004.23</u>	<u>65,291,497.15</u>
Less: Provision for bad debts	<u>7,542,473.79</u>	<u>6,947,490.39</u>
	<u>69,756,530.44</u>	<u>58,344,006.76</u>

30 June 2021 (Unaudited)					Carrying amount
Balance		Provision for bad debts			
Amount	Percentage (%)	Amount	Percentage of provision (%)		
Provision for bad debts made by portfolio of credit risk characteristics	77,299,004.23	100	7,542,473.79	10	69,756,530.44

31 December 2020

	Balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made by portfolio of credit risk characteristics	65,291,497.15	100	6,947,490.39	11	58,344,006.76

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

	30 June 2021 (Unaudited)			31 December 2020		
	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	73,427,926.80	5	3,671,396.36	61,317,685.90	5	3,041,797.52
1 to 2 years	–	–	–	102,733.82	34	34,615.44
Over 3 years	3,871,077.43	100	3,871,077.43	3,871,077.43	100	3,871,077.43
	77,299,004.23	10	7,542,473.79	65,291,497.15	11	6,947,490.39

For the six months ended 30 June 2021, the provision for bad debts of the Group was RMB775,785.19 (2020: RMB414,341.21) and the recovered or reversed bad debts provision was RMB180,801.79 (2020: RMB4,898,910.56).

For the six months ended 30 June 2021, the Group had no accounts receivable actually written off (2020: nil).

As at 30 June 2021, no accounts receivable of the Group was pledged (31 December 2020: nil).

As at 30 June 2021, the top five amounts of accounts receivable are as follows (unaudited):

	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)	24,835,554.54	32.13	1,241,777.73	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,319,431.00	8.18	315,971.55	5
CNOOC Energy Technology & Services Limited Sales & Service Branch (中海油能源發展股份有限公司 銷售服務分公司)	4,738,989.00	6.13	236,949.45	5
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	4,146,478.41	5.36	207,323.92	5
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	3,925,633.17	5.08	196,281.66	5
	43,966,086.12	56.88	2,198,304.31	5

As at 31 December 2020, 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)	17,014,622.21	26.06	850,731.11	5
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	6,933,887.00	10.62	346,694.35	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,474,235.00	9.92	323,711.75	5
China Coal Industry Qinhuangdao Import & Export Co., Ltd. (中國煤炭工業秦皇島進出口有限公司)	4,137,862.00	6.34	206,893.10	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)	3,991,926.58	6.11	199,596.33	5
	<u>38,552,532.79</u>	<u>59.05</u>	<u>1,927,626.64</u>	<u>5</u>

3. Inventories

	30 June 2021(unaudited)			31 December 2020		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	50,503,241.10	3,923,037.22	46,580,203.88	42,807,243.93	4,545,766.22	38,261,477.71
Fuels	1,263,024.29	–	1,263,024.29	1,327,697.07	–	1,327,697.07
Spare parts	138,338,293.72	6,267,251.50	132,071,042.22	124,760,341.99	6,389,762.82	118,370,579.17
Low-cost consumables	3,893,680.93	43,068.70	3,850,612.23	4,958,709.67	73,851.47	4,884,858.20
	<u>193,998,240.04</u>	<u>10,233,357.42</u>	<u>183,764,882.62</u>	<u>173,853,992.66</u>	<u>11,009,380.51</u>	<u>162,844,612.15</u>

Change in provision for impairment is as follows:

For the six months ended 30 June 2021(unaudited)

	Opening balance	Provision for the period	Decrease during the period		Closing balance
			Reversal	Write-off	
Materials	4,545,766.22	–	–	(622,729.00)	3,923,037.22
Spare parts	6,389,762.82	–	–	(122,511.32)	6,267,251.50
Low-cost consumables	73,851.47	–	–	(30,782.77)	43,068.70
	<u>11,009,380.51</u>	<u>–</u>	<u>–</u>	<u>(776,023.09)</u>	<u>10,233,357.42</u>

2020

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Materials	4,181,062.02	805,254.45	–	(440,550.25)	4,545,766.22
Spare parts	3,394,019.48	3,595,349.94	–	(599,606.60)	6,389,762.82
Low-cost consumables	23,164.93	51,020.29	–	(333.75)	73,851.47
	<u>7,598,246.43</u>	<u>4,451,624.68</u>	<u>–</u>	<u>(1,040,490.60)</u>	<u>11,009,380.51</u>

4. Fixed Assets

	30 June 2021 (unaudited)	31 December 2020
Fixed Assets	12,907,355,526.29	13,397,846,298.01
Disposal of fixed assets	6,675,476.55	310,517.23
	<u>12,914,031,002.84</u>	<u>13,398,156,815.24</u>

For the six months ended 30 June 2021(unaudited)

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	6,509,956,408.42	8,360,993,453.11	10,265,079,782.44	496,533,015.64	247,849,356.21	25,880,412,015.82
Purchase	–	–	242,775.99	–	–	242,775.99
Transferred from construction in progress	612,368.27	–	88,754,291.75	642,156.31	9,059,266.34	99,068,082.67
Reclassification	10,350.00	(332,095.00)	101,480.00	–	220,265.00	–
Disposal for the period	(142,809.11)	–	(20,032,856.05)	(3,416,841.00)	(6,207,658.50)	(29,800,164.66)
Closing balance	<u>6,510,436,317.58</u>	<u>8,360,661,358.11</u>	<u>10,334,145,474.13</u>	<u>493,758,330.95</u>	<u>250,921,229.05</u>	<u>25,949,922,709.82</u>
Accumulated depreciation						
Opening balance	2,041,358,277.80	2,837,391,549.20	6,915,794,613.39	412,140,420.38	188,507,373.10	12,395,192,233.87
Provision for the period	140,887,108.63	157,083,740.27	266,864,638.69	9,397,964.08	8,778,902.02	583,012,353.69
Reclassification	10,039.50	–	(181,055.77)	–	171,016.27	–
Disposal for the period	(50,706.78)	–	(10,077,735.94)	(3,314,335.77)	(6,021,438.70)	(19,464,217.19)
Closing balance	<u>2,182,204,719.15</u>	<u>2,994,475,289.47</u>	<u>7,172,400,460.37</u>	<u>418,224,048.69</u>	<u>191,435,852.69</u>	<u>12,958,740,370.37</u>
Provision for impairment						
Opening balance	5,114,326.16	7,997,565.98	73,515,188.77	19,812.44	726,590.59	87,373,483.94
Provision for the period	–	–	(3,546,471.33)	–	(199.45)	(3,546,670.78)
Reclassification	–	–	(46,570.96)	–	46,570.96	–
Closing balance	<u>5,114,326.16</u>	<u>7,997,565.98</u>	<u>69,922,146.48</u>	<u>19,812.44</u>	<u>772,962.10</u>	<u>83,826,813.16</u>
Carrying amount						
Closing balance	<u>4,323,117,272.27</u>	<u>5,358,188,502.66</u>	<u>3,091,822,867.28</u>	<u>75,514,469.82</u>	<u>58,712,414.26</u>	<u>12,907,355,526.29</u>
Opening balance	<u>4,463,483,804.46</u>	<u>5,515,604,337.93</u>	<u>3,275,769,980.28</u>	<u>84,372,782.82</u>	<u>58,615,392.52</u>	<u>13,397,846,298.01</u>

2020

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	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	1,361,561.10	–	914,468.15	1,451,885.76	8,406.19	3,736,321.20
Transferred from construction in progress	58,706,619.79	116,033.94	132,808,539.73	5,248,084.65	10,328,942.56	207,208,220.67
Reclassification	385,637,465.12	(385,176,358.71)	(1,442,211.10)	–	981,104.69	–
Disposal for the year	(8,316,916.84)	(1,665,356.00)	(81,055,711.01)	(18,405,461.78)	(21,102,358.66)	(130,545,804.29)
Closing balance	<u>6,509,956,408.42</u>	<u>8,360,993,453.11</u>	<u>10,265,079,782.44</u>	<u>496,533,015.64</u>	<u>247,849,356.21</u>	<u>25,880,412,015.82</u>
Accumulated depreciation						
Opening balance	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 year	267,735,539.34	329,682,188.49	528,299,506.81	26,323,421.60	17,133,779.78	1,169,174,436.02
Reclassification	70,474,240.25	(70,053,950.25)	(1,262,539.78)	–	842,249.78	–
Disposal for the year	(4,418,742.22)	(395,769.00)	(77,654,866.93)	(17,664,247.74)	(20,419,407.16)	(120,553,033.05)
Closing balance	<u>2,041,358,277.80</u>	<u>2,837,391,549.20</u>	<u>6,915,794,613.39</u>	<u>412,140,420.38</u>	<u>188,507,373.10</u>	<u>12,395,192,233.87</u>
Provision for impairment						
Opening balance	–	–	66,602,489.44	10,132.88	673,515.99	67,286,138.31
Provision for the year	5,114,326.16	7,997,565.98	7,171,859.85	9,679.56	52,793.05	20,346,224.60
Reclassification	–	–	(14,558.65)	–	14,558.65	–
Write off for the year	–	–	(244,601.87)	–	(14,277.10)	(258,878.97)
Closing balance	<u>5,114,326.16</u>	<u>7,997,565.98</u>	<u>73,515,188.77</u>	<u>19,812.44</u>	<u>726,590.59</u>	<u>87,373,483.94</u>
Carrying amount						
Closing balance	<u>4,463,483,804.46</u>	<u>5,515,604,337.93</u>	<u>3,275,769,980.28</u>	<u>84,372,782.82</u>	<u>58,615,392.52</u>	<u>13,397,846,298.01</u>
Opening balance	<u>4,365,000,438.82</u>	<u>6,169,560,053.92</u>	<u>3,680,839,693.94</u>	<u>104,747,127.61</u>	<u>66,008,994.74</u>	<u>14,386,156,309.03</u>

As at 30 June 2021, the Group had no fixed assets which were temporarily idle (31 December 2020: nil).

Fixed assets leased out under operating leases were as follows:

For the six months ended 30 June 2021(unaudited)

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	9,724,710.34	15,818,169.35	42,592,726.32	427,816.00	5,300.00	68,568,722.01
Transferred during the period	7,709,237.10	–	10,600.00	–	–	7,719,837.10
Transferred from fixed assets during the period	(6,844,642.31)	–	(32,124,883.17)	(427,816.00)	–	(39,397,341.48)
Closing balance	10,589,305.13	15,818,169.35	10,478,443.15	–	5,300.00	36,891,217.63
Accumulated depreciation						
Opening balance	606,421.78	5,614,723.96	23,343,275.71	414,981.52	4,712.40	29,984,115.37
Transferred during the period	427,312.00	–	9,424.80	–	–	436,734.80
Provision	223,793.16	384,035.54	252,516.00	–	428.60	860,775.30
Transferred from fixed assets during the period	(526,559.95)	–	(15,131,521.72)	(414,981.52)	–	(16,073,063.19)
Closing balance	730,966.99	5,998,759.50	8,473,694.79	–	5,141.00	15,208,562.28
Carrying amount						
Closing balance	9,858,338.14	9,819,409.85	2,004,748.36	–	159.00	21,682,655.35
Opening balance	9,118,288.56	10,203,445.39	19,249,450.61	12,834.48	587.60	38,584,606.64

2020

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	2,606,651.37	28,948,268.61	42,582,126.32	427,816.00	15,900.00	74,580,762.30
Transferred in fixed assets during the year	9,724,710.34	–	21,200.00	–	–	9,745,910.34
Transferred from fixed assets during the year	(2,606,651.37)	(13,130,099.26)	(10,600.00)	–	(10,600.00)	(15,757,950.63)
Closing balance	<u>9,724,710.34</u>	<u>15,818,169.35</u>	<u>42,592,726.32</u>	<u>427,816.00</u>	<u>5,300.00</u>	<u>68,568,722.01</u>
Accumulated depreciation						
Opening balance	732,129.67	8,887,261.42	20,131,876.19	414,981.52	11,781.00	30,178,029.80
Transferred in fixed assets during the year	202,140.59	–	15,422.40	–	–	217,562.99
Provision	404,281.19	757,805.50	3,203,831.12	–	785.40	4,366,703.21
Transferred from fixed assets during the year	(732,129.67)	(4,030,342.96)	(7,854.00)	–	(7,854.00)	(4,778,180.63)
Closing balance	<u>606,421.78</u>	<u>5,614,723.96</u>	<u>23,343,275.71</u>	<u>414,981.52</u>	<u>4,712.40</u>	<u>29,984,115.37</u>
Carrying amount						
Closing balance	<u>9,118,288.56</u>	<u>10,203,445.39</u>	<u>19,249,450.61</u>	<u>12,834.48</u>	<u>587.60</u>	<u>38,584,606.64</u>
Opening balance	<u>1,874,521.70</u>	<u>20,061,007.19</u>	<u>22,450,250.13</u>	<u>12,834.48</u>	<u>4,119.00</u>	<u>44,402,732.50</u>

As at 30 June 2021, fixed assets without title certificate are as follows:

	Carrying amount	Reason for not obtaining the title certificate
Properties and buildings	<u>10,397,307.72</u>	In progress

As at 31 December 2020, fixed assets without title certificate are as follows:

	Carrying amount	Reason for not obtaining the title certificate
Properties and buildings	<u>10,555,247.43</u>	In progress

5. Construction in Progress

	30 June 2021 (unaudited)			31 December 2020		
	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	1,469,905,217.21	–	1,469,905,217.21	1,012,156,030.23	–	1,012,156,030.23
Commencing project of complex port zone in Huanghua Port	35,470,223.57	–	35,470,223.57	34,738,961.95	–	34,738,961.95
Phase 1 of crude oil terminal of Huanghua Port	32,302,017.67	–	32,302,017.67	32,302,017.67	–	32,302,017.67
The sixth and seventh coal terminal in Caofeidian	15,251,924.32	–	15,251,924.32	13,568,875.64	–	13,568,875.64
Upgrading Programs of No.1, No.2 and No.3 loaders for Phase Three coal project	25,551,892.25	–	25,551,892.25	915,617.69	–	915,617.69
Others	98,494,504.25	24,416,466.25	74,078,038.00	113,775,693.71	24,416,466.25	89,359,227.46
Total	<u>1,676,975,779.27</u>	<u>24,416,466.25</u>	<u>1,652,559,313.02</u>	<u>1,207,457,196.89</u>	<u>24,416,466.25</u>	<u>1,183,040,730.64</u>

For the six months ended 30 June 2021 (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	3,050,861,400.00	1,012,156,030.23	457,749,186.98	-	-	-	1,469,905,217.21	Funds raised, loans from financial institutes and self-owned capital	70
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	34,738,961.95	731,261.62	-	-	-	35,470,223.57	Loans from financial institutes and self-owned capital	91
Upgrading Programs of No.1, No.2 and No.3 loaders for Phase Three coal project	169,588,600.00	915,617.69	24,636,274.56	-	-	-	25,551,892.25	self-owned capital	15
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	32,302,017.67	-	-	-	-	32,302,017.67	self-owned capital	1
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	13,568,875.64	1,763,862.89	-	-	(80,814.21)	15,251,924.32	self-owned capital	1
Others	2,973,709,469.89	113,775,693.71	97,380,102.94	-	(111,690,671.17)	(970,621.23)	98,494,504.25		
Total	31,737,760,661.79	1,207,457,196.89	582,260,688.99	-	(111,690,671.17)	(1,051,435.44)	1,676,975,779.27		

2020

	Budget	Opening balance	Increase in the year	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	3,050,861,400.00	672,446,295.76	1,010,864,909.82	-	(671,155,175.35)	-	1,012,156,030.23	Loans and self-owned capital	55
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	20,258,154.40	14,749,476.94	-	(268,669.39)	-	34,738,961.95	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	7,146,694.99	-	(54,633,739.14)	-	-	self-owned capital	63
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	2,936,307.31	-	-	-	13,568,875.64	self-owned capital	1
Others	3,091,940,221.52	60,185,113.00	215,552,598.20	-	(159,730,869.96)	(1,315,529.84)	114,691,311.40		
Total	31,772,496,213.42	843,080,061.23	1,251,608,229.34	-	(885,915,563.84)	(1,315,529.84)	1,207,457,196.89		

Capitalized interest included in construction in progress for the six months ended 30 June 2021 is 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	70%	488,778,552.52	13,572,109.70	1.99%
Others		<u>759,443.11</u>	<u>450,853.63</u>	2.03%
		<u>489,537,995.63</u>	<u>14,022,963.33</u>	

Capitalized interest included in construction in progress in 2020 is 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	55%	475,206,442.82	7,559,238.89	3.94%
Others		<u>308,589.48</u>	<u>308,589.48</u>	4.05%
		<u>475,515,032.30</u>	<u>7,867,828.37</u>	

6. Short-term Borrowings

	30 June 2021 (Unaudited)	31 December 2020
Unsecured borrowings (<i>Note 1</i>)	400,000,000.00	322,582,895.00
Interest payable of short-term borrowings	<u>380,277.76</u>	<u>357,652.75</u>
	<u>400,380,277.76</u>	<u>322,940,547.75</u>

Note 1: As at 30 June 2021, the interest rate of the above unsecured borrowings ranged from 3.20% to 6.00% (31 December 2020: 3.20% to 6.00%) per annum.

As at 30 June 2021, the Group has no overdue borrowings (31 December 2020: nil).

7. Accounts Payable

	30 June 2021 (Unaudited)	31 December 2020
Accounts payables	<u>299,791,566.79</u>	<u>185,335,672.51</u>

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

An ageing analysis of accounts payable is as follows:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	290,463,118.73	167,100,108.14
1 to 2 years	5,472,475.89	9,855,718.76
2 to 3 years	2,349,906.64	7,256,662.88
Over 3 years	1,506,065.53	1,123,182.73
	<u>299,791,566.79</u>	<u>185,335,672.51</u>

As at 30 June 2021, the Group has no significant accounts payable ageing more than 1 year (31 December 2020: nil).

8. Contract Liabilities

	30 June 2021 (Unaudited)	31 December 2020
Port handling fees	516,951,989.90	628,834,623.68
Weighing fees	356,959.76	757,870.03
Others	795,947.72	679,603.39
	<u>518,104,897.38</u>	<u>630,272,097.10</u>

9. Taxes Payable

	30 June 2021 (Unaudited)	31 December 2020
Enterprise income tax	76,211,224.64	73,303,238.68
Environmental protection tax	29,758,192.51	73,125,155.18
VAT	13,008,230.18	23,585.83
City maintenance and construction tax	913,263.77	1,651.01
Individual income tax	864,930.18	2,677,807.73
Education surcharge	652,331.27	1,179.29
Stamp duty	28,409.48	79,496.70
	<u>121,436,582.03</u>	<u>149,212,114.42</u>

10. Long-term Borrowings

	30 June 2021 (Unaudited)	31 December 2020
Unsecured borrowings	6,722,344,866.76	6,504,678,794.37
Less: Long-term borrowings due within one year	799,796,221.78	617,888,149.39
	<u>5,922,548,644.98</u>	<u>5,886,790,644.98</u>
Non-current portion		

As at 30 June 2021, the interest rate of the above unsecured borrowings ranged from 3.71% to 5.15% (31 December 2020: 3.80% to 5.15%) per annum.

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

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year (including 1 year)	799,796,221.78	617,888,149.39
Within 2 years (including 2 years)	706,154,949.00	572,854,949.00
Within 3 to 5 years (including 3 years and 5 years)	2,723,418,745.98	3,239,598,745.98
Over 5 years	2,492,974,950.00	2,074,336,950.00
	<u>6,722,344,866.76</u>	<u>6,504,678,794.37</u>

11. Operating Revenue and Cost

	For the six months ended 30 June 2021 (unaudited)		For the six months ended 30 June 2020 (unaudited)	
	Revenue	Cost	Revenue	Cost
Principal operations	3,243,675,004.59	1,964,154,554.92	2,990,119,781.82	1,780,218,920.58
Other operations	4,051,852.75	1,997,542.80	5,282,297.30	2,431,930.31
	<u>3,247,726,857.34</u>	<u>1,966,152,097.72</u>	<u>2,995,402,079.12</u>	<u>1,782,650,850.89</u>

The operating revenue is categorized as follows:

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Revenue from contracts with customers	3,243,610,295.66	2,991,479,764.96
Rental income	4,116,561.68	3,922,314.16
	<u>3,247,726,857.34</u>	<u>2,995,402,079.12</u>

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

Reportable segment – integrated port services	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Principal place of business		
Qinhuangdao	2,227,925,820.35	2,052,616,029.97
Others	1,015,684,475.31	938,863,734.99
	3,243,610,295.66	2,991,479,764.96
Main business types		
Service in relation to coal and relevant products	2,407,950,280.76	2,171,866,194.98
Service in relation to metal ore and relevant products	510,813,176.63	504,440,332.91
Service in relation to general and other cargoes	222,669,284.96	207,377,652.74
Container service	40,507,533.34	37,984,737.32
Service in relation to liquefied cargoes	29,294,826.20	26,217,509.87
Others	32,375,193.77	43,593,337.14
	3,243,610,295.66	2,991,479,764.96

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

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Contract liabilities	503,277,726.03	409,390,816.44

12. Financial Cost

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Interest expenses	154,074,304.24	157,290,624.99
Including: Interest expenses on lease liabilities	191,543.80	355,090.37
Less: Interest income	29,922,842.37	17,454,727.14
Less: Capitalized interest	14,022,963.33	242,583.34
Foreign exchange loss/(gain)	88,737.42	(900,507.74)
Others	56,573.17	201,435.26
	110,273,809.13	138,894,242.03

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

The breakdown of interest income is as follows:

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Interest income from bank deposits	29,922,842.37	17,454,727.14

13. Investment Income

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Long-term equity investment income accounted for under the equity method	100,481,447.24	88,664,876.08
Dividend income on other equity instrument investments held	9,360,000.00	5,100,000.00
Interest income on wealth management products	–	1,296,562.42
	109,841,447.24	95,061,438.50

14. Non-operating Income

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)	Non-recurring profit and loss for the six months ended 30 June 2021 (unaudited)
Gains from spoilage and obsolescence of non-current assets	182,004.61	462,186.11	182,004.61
Payables waived	1,000.00	2,500.00	1,000.00
Insurance claims	4,810,453.94	–	4,810,453.94
Others	71,174.71	154,201.89	71,174.71
	5,064,633.26	618,888.00	5,064,633.26

15. Income Tax Expense

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Current income tax expenses	162,163,470.95	154,853,045.11
Deferred income tax expenses	17,710,745.20	43,176,542.83
	179,874,216.15	198,029,587.94

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

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Total profit	850,561,086.19	711,245,216.34
Income tax expenses calculated at the statutory tax rate	212,640,271.55	177,811,304.09
Effect of different tax rates of subsidiaries	(382,538.08)	(576,989.24)
Income not subject to tax	(2,340,000.00)	(1,275,000.00)
Share of profits and losses of joint ventures and associates	(25,120,361.81)	(22,166,219.02)
Expenses not deductible for tax	4,093,587.13	6,196,136.80
Utilizing deductible losses of previous periods	(17,904,657.14)	(418,566.90)
Effect of unrecognized deductible losses	18,255,883.89	35,143,622.15
Effect of unrecognized deductible temporary differences	(1,073,197.36)	279,009.40
Adjustments in respect of current income tax of previous periods	(11,894,472.46)	(671,406.22)
Others	3,599,700.43	3,707,696.88
Income tax expense at the Group's effective rate	<u>179,874,216.15</u>	<u>198,029,587.94</u>

16. Earnings per Share

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Basic and diluted earnings per share from continuing operations	<u>0.13</u>	<u>0.10</u>

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:

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company from continuing operations	<u>698,850,420.51</u>	<u>575,741,812.29</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>5,587,412,000.00</u>	<u>5,587,412,000.00</u>

The Company had no dilutive potential ordinary shares in issue for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

DISCUSSION AND ANALYSIS OF OPERATIONS

I. Overview of Industry Economy in the First Half of 2021

(1) Overall Situation

Since the beginning of this year, the domestic economy has continued to recover steadily and the quality of its operations has been further improved. In the first half of the year, the domestic GDP was RMB53,216.7 billion, representing a year-on-year increase of 12.7% if calculated at constant prices and an increase of 5.3% based on a two-year average growth. Of the figures, the added value of the primary industry was RMB2,840.2 billion, representing a year-on-year increase of 7.8% and an increase of 4.3% based on a two-year average growth; the added value of the secondary industry was RMB20,715.4 billion, representing a year-on-year increase of 14.8% and an increase of 6.1% based on a two-year average growth; the added value of the tertiary industry was RMB29,661.1 billion, representing a year-on-year increase of 11.8% and an increase of 4.9% based on a two-year average growth. The foundation of development has been consolidated and the momentum of development has continued to be stimulated.

(2) Overview of Port Industry in the PRC

In the first half of 2021, with the implementation of regular epidemic prevention and control as well as the economic and social development, the main indicators of China's port industry have continued to recover and improve. According to the statistics from the Ministry of Transport, the national cargo throughput in ports reached 7.64 billion tonnes during the first half of the year, representing a year-on-year increase of 13.2%, continuing the upward trend, of which the throughput of foreign trade increased by 9.2%. The throughput of container reached 130 million TEUs, representing a year-on-year increase of 15%.

In terms of coal business, the output of raw coal of the whole nation from January to June was 1.95 billion tons, representing a year-on-year increase of 6.4%; the coal import was 140 million tons, representing a year-on-year decrease of 19.7%. In the first half of the year, social power consumption of the whole nation was 3.93 trillion KWH, representing a year-on-year increase of 16.2%. This reflects that the economic development in China has shown a trend of steady consolidation and improvement. The year-on-year growth rate of national output of raw coal in the first half of the year was 8.7 percentage points lower than full-caliber coal-fired power generation in the same period, and the market price of steam coal used for electric power generation in the second quarter climbed rapidly to a historical high. The port coal business has been on a moderate recovery trend since this year and continues to grow resiliently. From January to June, the throughput of coal in key ports in China increased by 13.3% on a year-on-year basis.

In terms of iron ore business, driven by the global economic recovery and inflationary factors in the first half of the year, the iron ore market was characterized by strong supply and demand, with the price of iron ore continuing to rise, and the iron ore imports and the output of pig iron both hitting record highs. From January to June, the national output of crude steel was 563 million tons, representing a year-on-year increase of 11.80%; the output of pig iron was 456 million tons, representing a year-on-year increase of 4.0%; and the output of steel was 698 million tons, representing a year-on-year increase of 13.90%. From January to June, the iron ore imports in key ports in China amounted to 560 million tons, representing a year-on-year increase of 2.6%.

In terms of petroleum business, the national crude oil output was 99.32 million tons from January to June, representing a year-on-year increase of 2.4%; processing volume of crude oil was 353.35 million tons, representing a year-on-year increase of 10.7%. From January to June, the throughput of crude oil in key coastal ports of China increased by 8.3% on a year-on-year basis, and the oil business improved steadily. From January to June, the crude oil imports were 260 million tons, representing a year-on-year decrease of 3%. Market analysis suggests that crude oil prices have risen sharply in this year, while China's crude oil purchased at lower price last year could effectively meet domestic demand in the short term, resulting in a slight decline in imports.

(II) DISCUSSION AND ANALYSIS OF OPERATIONS

(1) Revenue

During the Reporting Period, revenue of the Company amounted to RMB3,247,726.9 thousand, representing an increase of 8.42% as compared to the corresponding period of last year, mainly due to the increase in coal throughput of the Company.

(2) Operating Costs

During the Reporting Period, operating costs of the Company amounted to RMB1,966,152.1 thousand, representing an increase of 10.29% as compared to the corresponding period of last year, mainly due to the increase of coal throughput of the Company during the Reporting Period.

(3) Gross Profit Margin

During the Reporting Period, gross profit of the Company amounted to RMB1,281,574.8 thousand, representing an increase of 5.67% as compared to the corresponding period of last year. Gross profit margin of the Company for the Reporting Period was 39.46%, representing a decrease of 1.03 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 187.36 million tonnes, representing an increase of 11.76 million tonnes or 6.70% as compared to the throughput of 175.60 million tonnes in the corresponding period of 2020.

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

	First half year of 2021		First half year of 2020			
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Qinhuangdao Port	98.35	52.49	89.70	51.08	8.65	9.64
Caofeidian Port	55.37	29.55	52.21	29.73	3.16	6.05
Huanghua Port	33.64	17.96	33.69	19.19	(0.05)	(0.15)
Total	<u>187.36</u>	<u>100.00</u>	<u>175.60</u>	<u>100.00</u>	<u>11.76</u>	<u>6.70</u>

During the Reporting Period, the Company achieved a cargo throughput of 98.35 million tonnes in Qinhuangdao Port, representing an increase of 8.65 million tonnes or 9.64% from 89.70 million tonnes for the corresponding period of 2020. The increase was mainly due to the sustained and stable recovery of the domestic economy in the first half of 2021, the import of coal decreased significantly, the slow growth of hydropower generation in the south, the further increase in the proportion of domestic coal trade and coal throughput increased significantly.

The Company achieved a cargo throughput of 55.37 million tonnes in Caofeidian Port, representing an increase of 3.16 million tonnes or 6.05% from 52.21 million tonnes for the corresponding period of 2020. The increase was mainly due to the similar reasons for the growth of throughput in Qinhuangdao Port, with a significant increase in domestic coal throughput.

The Company achieved a cargo throughput of 33.64 million tonnes in Huanghua Port, representing a decrease of 0.05 million tonnes or 0.15% from 33.69 million tonnes for the corresponding period of 2020, which was basically the same as that of the same period last year. The decrease was mainly due to the continuous strengthening of environmental protection in the Huanghua Port area and the continuous high-level operation of the Company's site, which had a certain impact on the overall production efficiency.

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

	First half year of 2021		First half year of 2020			
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Coal	112.63	60.12	100.12	57.02	12.51	12.50
Metal ore	55.74	29.75	57.47	32.73	(1.73)	(3.01)
Oil and liquefied chemicals	1.20	0.64	1.14	0.65	0.06	5.26
Container	6.32	3.37	6.71	3.82	(0.39)	(5.81)
General and other cargoes	11.47	6.12	10.16	5.78	1.31	12.89
Total	<u>187.36</u>	<u>100.00</u>	<u>175.60</u>	<u>100.00</u>	<u>11.76</u>	<u>6.70</u>

1. Coal handling services

During the Reporting Period, the Company achieved a total coal throughput of 112.63 million tonnes, representing an increase of 12.51 million tonnes or 12.50% from 100.12 million tonnes for the corresponding period of 2020. Such increase was mainly due to the domestic trade coal shipments increased significantly under the influence of several factors such as sustained and stable recovery of domestic economy, restrictions on imported coal and the growth of hydropower weaker than expected.

2. Metal ore handling services

During the Reporting Period, the Company achieved a total metal ores throughput of 55.74 million tonnes, representing a decrease of 1.73 million tonnes or 3.01% from 57.47 million tonnes for the corresponding period of 2020. Such decrease was mainly due to the continued strengthening of environmental protection in the Company's hinterland, the normalization of production restrictions by steel enterprises, a decrease in demand for iron ore and more intense competition among ports.

3. Oil and liquefied chemicals handling services

During the Reporting Period, the Company recorded a oil and liquefied chemicals throughput of 1.20 million tonnes, representing an increase of 0.06 million tonnes or 5.26% from 1.14 million tonnes for the corresponding period of 2020. Such increase was mainly due to the stable growth of processing and production of asphalt plants in the hinterland of the Company, which has driven the increase of crude oil throughput.

4. Container services

During the Reporting Period, the Company recorded a total container throughput of 631,699 TEUs, equivalent to a throughput of 6.32 million tonnes, representing increases in the number of containers handled and throughput of 21,058 TEUs (i.e. 3.45%) as compared with the number of containers handled and throughput of 610,641 TEUs and 6.71 million tonnes for the corresponding period of 2020, respectively. The increase was mainly due to the opening of the “Qingdao-Qinhuangdao” container liner service, joint visits with shipping companies to upstream and downstream customers to continuously expand and deepen the “conversion of bulk cargo to container” business.

5. General cargoes handling services

During the Reporting Period, the Company recorded a throughput of general and other cargoes of 11.47 million tonnes, representing an increase of 1.31 million tonnes or 12.89% from 10.16 million tonnes for the corresponding period of 2020. The increase was mainly due to the Company’s efforts in cargo sourcing and market development, soliciting new cargo sources and proactively connecting with customers to maximize cargo owners’ demand.

6. 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 2021, the revenue of ancillary port services and value-added services of the Company amounted to RMB36,491.8 thousand, representing a decrease of RMB13,172.5 thousand or 26.52% from RMB49,664.3 thousand for the corresponding period of 2020.

(5) Tax and Surcharges

During the Reporting Period, the tax and surcharges of the Company amounted to RMB142,009.7 thousand, representing a decrease of 17.69% as compared to the corresponding period of last year, mainly due to the decrease in environmental protection tax as compared with the corresponding period during the Reporting Period.

(6) Administrative Expenses

During the Reporting Period, the Company’s administrative expenses amounted to RMB315,101.7 thousand, representing an increase of 3.61% as compared to the corresponding period of last year, mainly due to the year-on-year increase in employees’ salary in the current period as the Company’s enjoyment of the national social security relief policy during the Epidemic in the previous period.

(7) Financial Costs

During the Reporting Period, the Company’s financial costs amounted to RMB110,273.8 thousand, representing a decrease of 20.61% as compared to the corresponding period of last year, mainly due to the decrease in the amount of borrowing expenses and the increase in the size of term deposits of the Company during the Reporting Period.

(8) Other Income

During the Reporting Period, the Company's other income amounted to RMB31,276.9 thousand, representing an increase of 5.76% as compared to the corresponding period of last year, mainly due to the increase in the other government subsidies for the current period.

(9) Investment Income

During the Reporting Period, the Company's investment income amounted to RMB109,841.4 thousand, representing an increase of 15.55% as compared to the corresponding period of last year, mainly due to the increase of investment income from associates recognized by the Company.

(10) Income Tax Expense

The Company's income tax expenses decreased by RMB18,155.4 thousand to RMB179,874.2 thousand for the Reporting Period from RMB198,029.6 thousand for the corresponding period of last year. The Company's effective income tax rate decreased to 21.15% for the Reporting Period from 27.84% for the corresponding period of last year, mainly due to the increase in utilization of the previous years' undeducted losses by Cangzhou Mineral Port.

(11) Net Profit

The Company's net profit for the Reporting Period amounted to RMB670,686.9 thousand, representing an increase of 30.68% as compared to the corresponding period of last year, of which the net profit attributable to owners of the parent company amounted to RMB698,850.4 thousand, representing an increase of 21.38% as compared to the corresponding period of last year, mainly due to the increase of business volume as the Company increased market development efforts, refined production organization and improved the efficiency of loading and discharging.

(12) 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 RMB0.13, representing an increase of 30.00% 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.

(13) Capital Structure, Cash Flows and Financial Resources

During the Reporting Period, the Company's net cash flows generated from operating activities amounted to RMB1,266,996.1 thousand, representing a decrease of 0.37% as compared to the corresponding period of last year, with a slight change and showed a steady corporate operation.

During the Reporting Period, the Company's net cash flows generated from investing activities amounted to RMB-1,544,032.9 thousand, representing a decrease of 159.62% as compared to the corresponding period of last year, mainly due to the increase of fixed assets purchased for the current period and the increase in time deposits with maturity of more than three months.

During the Reporting Period, the Company's net cash flows from financing activities amounted to RMB58,761.0 thousand, representing an increase of 109.27% as compared to the corresponding period of last year, mainly due to the effect of the timing of dividend distribution for the current period and the increase in new borrowings for the current period compared with the corresponding period of last year.

As at 30 June 2021, the Company held a balance of cash and cash equivalents of approximately RMB1,960,953.7 thousand, representing a decrease of RMB218,851.2 thousand or 10.04% from RMB2,179,804.9 thousand as at 31 December 2020.

As at 30 June 2021, the gearing ratio (total liabilities divided by total assets) of the Company was 39.57%, up by 0.92 percentage point as compared to the gearing ratio of 38.65% as at 31 December 2020.

(14) 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.

(15) Pledge of Assets and Contingent Liabilities

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

(16) Management of Working Capital

	30 June 2021	30 June 2020
Current ratio (%)	1.18	1.25
Quick ratio (%)	1.10	1.16
Turnover days of trade receivables	3.55	5.22
Turnover days of trade payables	22.21	24.27

As at 30 June 2021, the Company's current ratio and quick ratio were 1.18 and 1.10, respectively, representing a decrease as compared with the current ratio of 1.25 and quick ratio of 1.16 as at 30 June 2020. The turnover days of trade receivables for the Reporting Period was 3.55 days and the turnover days of trade payables was 22.21 days, representing a decrease of 1.67 days and a decrease of 2.06 days, respectively, as compared with the turnover days of trade receivables (5.22 days) and the turnover days of trade payables (24.27 days) for the corresponding period of 2020. The above indicators were within reasonable range.

(17) Overview of Major Investments

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

(18) Material Acquisition and Disposal

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

(19) Future Plans Relating to Material Investment or Capital Assets

As of the date of this announcement, save for the information as already disclosed, 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 2021

In the second half of 2021, the domestic macroeconomic condition is expected to be stable and improving and the demand for commodities will remain strong. In the face of favourable external macro environment, the Company will take various measures to continue to develop the market, reduce costs and increase efficiency, and steadily improve the results.

Coal business: With the increasingly precise control of the Epidemic and the gradually recovering economy impact, the upstream and downstream industries gradually return to normal production, and the continued mismatch between the supply and demand in the coal industry will be reduced in the second half of the year. Driven by the continued recovery in demand, domestic coal production motivation is expected to be enhanced, and the policy side of the regulations to imported coal will be more precise and reasonable. Coal prices and the supply and demand are expected to run in a reasonable range in the second half of the year.

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 also vigorously develop value-added services at the port to attract mine cargoes to the port, 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, aiming to increase crude oil volume. We will deepen business cooperation with upstream and downstream customers, strive for more transshipment volume and put great efforts to develop the freight sources after obtaining the approval of lightweight recycled oil qualification. 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 “dry bulk to containers” business. We will give full play to the radiation of the inland port and expand 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 strengthen the co-operation with railway companies and enhance the upstream and downstream connections to achieve more progress toward the sea-rail transport business, and continue to strive for rail cargo sources from other customers. We will continue to increase our radiation coverage and expand our business volume by leveraging our advantage as a copper concentrate distribution center. The Company will improve port operation efficiency, and continuously improve the quality of customer service.

IV. Subsequent Events after the Reporting Period

There were no subsequent 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. 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 2021.

IX. Independent Non-executive Directors and Audit Committee

On 30 June 2021, QHD Port has four independent non-executive directors, representing more than one third of the Board, one of whom is professional in the accounting field and has experience in financial management.

The Company 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 2021.

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 2021 is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (<http://www.portqhd.com/>). The interim report of 2021 will be dispatched to our Shareholders on or before 30 September 2021 and will be published on the websites of the Hong Kong 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
Cangzhou Mineral Port	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company established in the PRC with limited liability on 10 April 2012, with 97.59% 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 Hong Kong Stock Exchange
“corresponding period of 2020”	the six months ended 30 June 2020
“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 Hong Kong 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 Hong Kong 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 2021
“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
27 August 2021

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