



秦皇岛港股份有限公司 QINHUANGDAO PORT CO., LTD.*

(a joint stock limited liability company incorporated in the People's Republic of China)
Stock Code : 3369

2021 INTERIM REPORT



*For identification purposes only

IMPORTANT NOTICE

- I. **The Board, the supervisory committee, the directors, supervisors and senior management of QHD Port hereby warrant that the contents of this interim report are true, accurate and complete, and there are no false representations, misleading statements or material omissions, and are jointly and severally responsible for the legal liabilities of the Company.**
- II. **All directors of QHD Port have attended the Board meeting.**
- III. **The interim report of the Company is unaudited.**
- IV. **CAO Ziyu, the head of QHD Port, Cao Dong, the chief financial officer, and Zhao Liangjun, the head of accounting department (Accounting Officer) have declared that they warrant the truthfulness, accuracy and completeness of the financial statements in this interim report.**
- V. **The profit distribution proposal or proposal to transfer capital reserve to share capital for the reporting period as resolved by the Board**
Not Applicable
- VI. **Statement for the risks involved in the forward-looking statements**
 Applicable Not applicable
Forward-looking statements, such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of investment risks.
- VII. **Is there any misappropriation of funds by the Controlling Shareholder and its related parties for non-operating purposes**
No
- VIII. **Is there any external guarantee made in violation of the required decision-making procedures**
No
- IX. **Are there more than half of the directors who cannot guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company**
No
- X. **Warning of major risks**
The Company has described relevant risks in this report. Please refer to “VII. (I) Potential Risks” of “Section III Management Discussion and Analysis” in this report for more details.
- XI. **Others**
 Applicable Not applicable



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SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the meanings as follows:

DEFINITIONS OF COMMONLY USED TERMS

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
Company or the Company	Qinhuangdao Port Co., Ltd.* and its subsidiaries
Hebei Port, HPG, controlling shareholder or 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
Reporting Period	the six months ended 30 June 2021
corresponding period of 2020	the six months ended 30 June 2020
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
Prospectus	the Prospectus for the Initial Public Offering and Listing of A Shares of Qinhuangdao Port Co., Ltd. issued by the Company on SSE on 13 July 2017
HPG Finance	Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)
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 report
Caofeidian Coal Port	Tangshan Caofeidian Coal Stevedoring Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company established 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 report
Caofeidian Shiye Port	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company established in the PRC with limited liability on 4 September 2002, with 35.00% of its equity interest held by the Company as at the date of this report
A Share(s)	the 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 SSE
H Share(s)	Hong Kong listed ordinary share(s) in the 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
Qinhuangdao Port	Qinhuangdao Port in Qinhuangdao City, Hebei Province
Caofeidian Port	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
Huanghua Port	Huanghua Port in Cangzhou City, Hebei Province
Throughput	a measure of the volume of cargo handled by a port. Where cargoes are transhipped, each unloading and loading process is measured separately as part of throughput
Terminal	designated for mooring vessels, loading and unloading cargoes and boarding travelers
Berth	the place of a dock designated for a vessel to moor
Bulk cargo	loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo

SECTION I DEFINITIONS

General cargo	a general terms for cargoes of various varieties, nature and packaging forms
TEU	a statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU)
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
Daqin Railway	the railway line from Hanjialing Station in Datong County, Shanxi Province to the Liucun South Station in Qinhuangdao City, Hebei Province
Haolebaoji-Ji'an Railway	the railway line from Haolebaoji Station in Inner Mongolia to the Ji'an Station in Jiangxi
Board or Board of Directors	The board of directors of QHD Port
Director(s)	Director(s) of QHD Port
Audit Committee	the Audit Committee of the Board

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. PROFILE OF THE COMPANY

Company name (in Chinese)	秦皇島港股份有限公司
Abbreviation in Chinese	秦港股份
Company name (in English)	QINHUANGDAO PORT CO., LTD.
Abbreviation in English	QHD PORT
Legal representative of the Company	CAO Ziyu

II. CONTACT PERSON AND CONTACT METHOD

	Secretary to the Board	Securities Representative
Name	MA Xiping	ZHANG Nan
Address	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province
Telephone	0335-3099676	0335-3099676
Facsimile	0335-3093599	0335-3093599
E-mail	qggf@portqhd.com	qggf@portqhd.com

III. CHANGES IN BASIC INFORMATION

Registered address of the Company	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province
Historical change of registered address of the Company	Nil
Business address of the Company in the PRC	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province
Postal code of the business address of the Company in the PRC	066001
Website address of the Company	www.portqhd.com
E-mail	qggf@portqhd.com
Enquiry index for changes during the reporting period	Not Applicable

IV. CHANGE PROFILE OF INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name of media of information disclosure designated by the Company	China Securities Journal and Securities Times
Website address for publication of interim report	www.sse.com.cn www.hkexnews.hk
Place where interim report of the Company is available for inspection	The Securities Department of the Company
Enquiry index for changes during the reporting period	Not Applicable

V. SHARES OF QHD PORT

Types of Shares	Stock exchanges of listing	Stock abbreviation	Stock codes	Stock abbreviation before changes
A Shares	Shanghai Stock Exchange	QHD PORT	601326	Not Applicable
H Shares	The Stock Exchange of Hong Kong Limited	QHD PORT	03369	Not Applicable

VI. OTHER RELEVANT INFORMATION

Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	For the Reporting Period (January – June)	Corresponding period of last year	Increase/decrease for the Reporting Period as compared to the corresponding period of last year (%)
Operating revenue	3,247,726,857.34	2,995,402,079.12	8.42
Net profit attributable to Shareholders of the listed Company	698,850,420.51	575,741,812.29	21.38
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	672,462,123.94	554,253,555.09	21.33
Net cash flow generated from operating activities	1,266,996,125.41	1,271,720,867.36	-0.37

	End of the Reporting Period	End of last year	Increase/decrease for the end of the Reporting Period as compared to the end of last year (%)
Net assets attributable to Shareholders of the listed Company	15,648,217,685.78	15,216,180,502.61	2.84
Total assets	27,314,263,375.28	26,243,366,760.77	4.08

(II) Major financial indicators

Major financial indicators	For the Reporting Period (January – June)	Corresponding period of last year	Increase/decrease for the Reporting Period as compared to the corresponding period of last year (%)
Basic earnings per share (RMB/Share)	0.13	0.10	30
Diluted earnings per share (RMB/Share)	0.13	0.10	30
Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)	0.12	0.10	20
Weighted average return on net assets (%)	4.48	3.86	Increase by 0.62 percentage point
Weighted average return on net assets after deducting non-recurring profits and losses (%)	4.31	3.71	Increase by 0.60 percentage point

Description of major accounting data and financial indicators of the Company

Applicable Not applicable

VIII. DIFFERENCE IN ACCOUNTING DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

IX. NON-RECURRING PROFIT AND LOSS ITEMS AND THEIR AMOUNTS

Applicable Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount	Note (if applicable)
Profit or loss on disposal of non-current assets	-264,022.31	
Tax refund or exemption in relation to documents of unauthorized approval or without formal approval or of incidental nature		
Government grants recognized in profit or loss (except for the government grants that are closely related to the business of the Company and received in accordance with the uniform state's regulations)	30,966,071.37	
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss		
The excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures		
Profit/loss of non-monetary asset swap		
Profit/loss from entrusted investment or asset management		
Provision for impairment of assets due to force majeure i.e. natural disaster		
Profit/loss from debt restructuring		
Corporate restructuring expenses, i.e. expenses on employee placement, integration costs, etc.		
Profit/loss from the excess of the fair value of a transaction of unfair consideration		
Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger		
Profit/loss from contingencies irrelevant to the normal operations of the Company		
Profit/loss from the change of fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment except for those gain/loss relating to the hedging transactions under company's normal operating business		
Write back of the provision for impairment of accounts receivable, contract assets that is individually tested for impairment		
Profit/loss from external entrusted loans		
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement		
Effects of one-off adjustment to current profit/loss in accordance with laws and regulations on taxation and accounting, etc.		
Income of entrustment fees from entrusted operations		
Other non-operating income or expenses other than the above items		
Other profit or loss items that fall within the meaning of non-recurring profit and loss	4,813,617.40	
Impact on non-controlling interests	-172,524.60	
Impact on income tax	-8,954,845.29	
Total	26,388,296.57	

X. OTHERS

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. THE COMPANY'S INDUSTRY AND PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

(I) Principal Business

The Company provides highly integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargoes mainly including coal, metal ores, oil and liquefied chemicals, containers, general cargoes and other goods.

(II) Operating Model

1. Procurement Model

The Company is mainly engaged in stevedoring and stacking cargo, port management and relevant supporting services, and as compared with production enterprises, it has less demand of raw materials. Major purchases of the Company include resources, stevedoring and transportation equipment.

The purchase of resources includes materials, low-value consumables, energy (including water and electricity) and accessories, among which, the purchase of energy accounts for the majority of the total purchase of the Company. All of the above production materials shall be independently purchased by the Company through entering into relevant contracts. Resources of more than RMB500,000 and qualified for tendering shall be purchased by the Company by way of tendering. Resources of under RMB500,000, which are not subject to tendering, shall be purchased through comparison of quality and price, business negotiation and catalogue procurement.

The purchase of stevedoring and transportation equipment will be conducted by the technology and equipment department, resource supply center and various primary units according to the type of equipment.

2. Production Model

Main production processes of the Company include cargo stevedoring, cargo stacking and handling within the port, and stevedoring of cargoes by road transportation.

The Company has a complete production operation system and organizational management system, complete terminal and logistics facilities and ancillary machinery equipment system, complete and independent information operation, management and network system for the operation of various production businesses.

3. Marketing Model

The Company has an independent marketing system to continuously improve its service level, maintain its existing customer base, and actively explore new customer resources.

(1) Marketing Model of Coal Business

The Company has an independent marketing system for its coal business, and the port coal business is directly managed by the Company's production department with no distribution and agency system. The Company has set up offices in Taiyuan and Hohhot, covering the whole hinterland of cargo sources and coordinating cargo flow.

The Company mainly negotiated business by attending transportation conferences of various industries and order placing meetings across the country, and adopted the mode of mutual visits between ports and customers. At the same time, the Company continued to improve its service quality, carried out in-depth marketing work, established and improved its online marketing system to provide "one-stop" services to customers. The Company will adjust and optimize the existing business model according to the changes in the market situation, actively communicate with customers, carry out various featured businesses such as coal blending business, special facilities, quasi-liner shipping and online business platform, enter into long-term port operation contracts with major coal shipping enterprises and end users of coal, jointly determine the base of annual transshipment volume, and appropriately provide reserved stacking yards and berths to facilitate coal transshipment by customers using port resources.

(2) Marketing Model of Business of Other Types of Cargo

The Company made reference to the marketing model of coal business to determine the marketing model of business of other cargo types, so as to establish an extensive and stable sales network, actively explore business opportunities in the economic hinterland and establish stable and long-term cooperation relationship with customers.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(III) Industry Overview and Market Position

Port is the hub of resource allocation and plays a vital role in the transportation system. The port industry is an important fundamental industry for national economic and social development and is closely related to the development of macro economy. Port plays an important role in meeting the transportation need of national energy, raw materials and other bulk materials, supporting economic, social and trade development, improving people's living standards, and enhancing the comprehensive strength of the country.

The cargoes for transshipment at ports are divided into five major categories, namely dry bulk cargo, liquid bulk cargo, general cargo, containers and Ro-Ro vehicles. Transportation of bulk cargo in bulk and general cargo in container is conducive to enhancing transport efficiency and reducing transport costs, which has become the development trend in the global marine transportation industry.

With the continuous expansion of the functions of ports, port enterprises have gradually developed from a pure sea-land cargo transshipment provider to an integrated logistics service provider, providing integrated logistics support for the transportation by vessels, vehicles and trains as well as the storage, driving the formation of a port-surrounding industrial park with processing, wholesale, distribution, storage and other functions near the ports, which greatly enhanced the competitiveness of the ports as integrated transportation connection points.

The Company is a large-scale public terminal operator for dry bulk cargoes in the world. Qinhuangdao Port is an important port of the "West-East coal transportation" and "North-South coal transportation" in coal transportation in China, and has maintained a leading position in terms of the amount of water discharged from coal for many years. With the implementation of the cross-port operation strategy, Caofeidian Coal Port has been put into operation in the past few years and the business of Cangzhou Mineral Port continues to develop. The Company has carried out diverse business strategy and intensified its efforts in ore, container and general cargo.

II. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

- 1. The Company is a leading public terminal operator for dry bulk cargoes in the world. It implements the cross-port operation strategy of Qinhuangdao Port, Tangshan Port and Cangzhou Port, and operates Qinhuangdao Port, which is an important port for seaborne coal in China, and continuously expands the business in Tangshan region and Cangzhou region.**

As an important port of the "West-East coal transportation" and "North-South coal transportation" in coal transportation in China, Qinhuangdao Port plays an important role in ensuring the safety of national energy transportation. In recent years, the Company has further expanded its business in Tangshan Caofeidian and Cangzhou Huanghua Port. Tangshan Caofeidian Coal Port Co., Ltd.*, a subsidiary of the Company, officially commenced operation in 2019. The construction of Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port in Cangzhou City has successfully completed the heavy-duty joint commissioning in June 2021, striving for early completion of production and operation.

- 2. The economic hinterland of the Company covers a wide range of areas with large service radius, and has a solid foundation for development.**

The economic hinterland of the Company mainly includes upstream and downstream part: the upstream part mainly comprise North China, Northeast China and Northwest China, as well as Shandong and Henan which are important production bases of energy and raw materials in China. Meanwhile, they are also important bases of heavy chemical industry of China, providing sufficient supply for the business development of the Company; while the downstream part mainly comprise Shanghai, Jiangsu, Zhejiang, Fujian, Guangdong and other provinces (cities). The above-mentioned provinces (cities) are not only the main areas where resources are consumed in China, but also the areas where resources are scarce. Strategic materials such as oil, coal, iron ore and grain are required to be imported in large quantities or transported from other regions of China.

The Company has continuously improved its economic service capacity for the hinterland, and has opened a number of inland ports, container depots and new routes, further enhancing its service capacity for the port hinterland in the "Three Norths" area and central and southern Hebei.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. The Company has superior port resources and transportation conditions in bulk or sparse shipping.

The Bohai Rim region is located along the northern coast of China, with the coastline length accounting for approximately one-third of the country, and where more than 40 ports are widely distributed. The ports have good natural conditions, marine transportation, railways, highways and air transportation routes are highly concentrated, forming a three-dimensional land-sea-air transportation network centered on ports, and the collection and distribution are convenient. Daqin Railway, which relies on the Qinhuangdao and Caofeidian ports of the Company, is the largest modern and professional coal transportation line in the world in terms of annual transportation volume. The Company continues to promote the construction of the “transformation from road haulage to rail-freight transport” project to open new special railway lines, thereby further enhancing the railway port dredging capacity.

4. The Company has targeted at large-scale high-quality customers and constantly promotes marketing and continuously improves service quality.

Our customers are mainly large-scale coal, electricity and steel enterprises, including National Coal Group, National Energy Investment Group, Zhejiang Energy Group, Yitai Group, Jinkong Coal Industry Group, Shougang Group and Hebei Iron & Steel Group.

The Company has strengthened the implementation of grid-based marketing, further consolidated the responsibility system of account managers, optimized the business handling process of online business halls, and made every effort to meet the personalized reasonable requirements of customers and improve customer satisfaction.

5. The Company constantly enhances its efforts in technology innovation and project construction.

The Company has completed the construction of the supporting security system for the cloud data center of the Smart Port Demonstration Project of the Ministry of Transport, the online optimization of the intelligent production management platform, and the development of customer APP infrastructure. The network hall e-commerce platform has been promoted and applied in three places, namely Qinhuangdao, Caofeidian, and Cangzhou, and realized the entire online process of coal, metal ore, general and other cargoes and other businesses. The Company has promoted unmanned transformation, launched intelligent entrance system, and completed the construction of the remote centralized management and control system for railway crossings and the automatic collection and dredging port system of Cangzhou Ore Port Company. The digitization of coal sites in Caofeidian has been successfully advanced.

6. The Company promotes to reduce costs and increase efficiency, continuing to improve the operation and management levels.

The Company has made full use of national policies, reduced taxation and financing costs. The Company has increased the integration of internal units, optimized the management structure, and withdrawn from loss-making investment companies. The Company has paid close attention to key cost control and reduced operating costs through transformation of management technology. The Company has fully carried out benchmarking and upgrading, and operation and management level and economic effectiveness were further improved.

7. The Company has been committed to building green and safe ports.

The Company has invested in the construction of shore power facilities, enhanced the effort in updating mobile machinery, and carried out special treatment of mobile pollution sources. The Company has carried out the greening improvement project in the harbor to improve the greening level of the harbor. The Company has consolidated its responsibility for safe production, promoted the construction of a dual control system, and conducted evaluation works on safety and production risk ratings.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

III. 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.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

IV. DISCUSSION AND ANALYSIS OF OPERATIONS

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		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
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	187.36	100.00	175.60	100.00	11.76	6.70

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		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
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	187.36	100.00	175.60	100.00	11.76	6.70

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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, the 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.

Significant changes in the Company's operating conditions during the Reporting Period and events that occurred during the Reporting Period that have a significant impact on the Company's operating conditions and are expected to have a significant impact in the future.

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

V. OPERATING RESULTS OF MAJOR BUSINESSES FOR THE REPORTING PERIOD

(I) Analysis of major operating business

1 Analysis of the changes in the relevant items in income statement and statement of cash flows

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year	Change in proportion (%)
Operating revenue	3,247,726,857.34	2,995,402,079.12	8.42
Operating costs	1,966,152,097.72	1,782,650,850.89	10.29
Selling expenses			
Administrative expenses	315,101,737.50	305,437,657.13	3.16
Financial expenses	110,273,809.13	138,894,242.03	-20.61
Research and development expenses	4,085,096.75	3,076,399.45	32.79
Net cash flows from operating activities	1,266,996,125.41	1,271,720,867.36	-0.37
Net cash flows from investing activities	-1,544,032,858.25	-594,719,758.08	-159.62
Net cash flows from financing activities	58,760,998.84	-634,023,684.44	109.27

Reasons for changes in 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.

Reasons for changes in 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 throughput of the Company during the Reporting Period.

Reasons for changes in management expenses: During the Reporting Period, the Company's administrative expenses amounted to RMB315,101.7 thousand, representing an increase of 3.16% 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.

Reasons for changes in 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.

Reasons for changes in research and development costs: During the Reporting Period, the Company's research and development costs amounted to RMB4,085.1 thousand, representing an increase of 32.79% as compared to the corresponding period of last year, mainly due to the increase in research and development investment during the Reporting Period.

Reasons for changes in net cash flows from operating activities: 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.

Reasons for changes in net cash flows from investing activities: 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.

Reasons for changes in net cash flows from financing activities: 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.

2 Detailed explanation of main business types of the Company, major changes in the structure or sources of Company's profits for the Reporting Period

Applicable Not applicable

(II) Description of material changes in profits from non-major business

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and liabilities

Unit: Yuan

Items	Amount at the end of the Reporting Period	Proportion of the amount at the end of the Reporting Period with respect to the total assets (%)	Amount at the end of last year	Proportion of the amount at the end of last year with respect to the total assets (%)	Percentage change in the amount at the end of the Reporting Period as compared to that at the end of last year (%)	Description
Cash and bank balances	4,321,774,188.74	15.82	3,554,825,387.07	13.55	21.57	
Bills receivable	168,810,943.72	0.62	158,493,277.00	0.60	6.51	
Accounts receivable	69,756,530.44	0.26	58,344,006.76	0.22	19.56	
Prepayments	11,945,774.98	0.04	10,788,998.64	0.04	10.72	
Other receivables	51,068,460.04	0.19	53,522,988.81	0.20	-4.59	
Inventories	183,764,882.62	0.67	162,844,612.15	0.62	12.85	
Other current assets	136,078,254.80	0.50	126,204,484.27	0.48	7.82	
Long-term equity investments	3,248,012,141.96	11.89	3,052,665,906.74	11.63	6.40	
Other equity investments	848,589,691.03	3.11	787,081,978.59	3.00	7.81	
Fixed assets	12,914,031,002.84	47.28	13,398,156,815.24	51.05	-3.61	
Construction in progress	1,652,559,313.02	6.05	1,183,040,730.64	4.51	39.69	
Right-of-use assets	118,437,409.42	0.43	124,582,460.65	0.47	-4.93	
Intangible assets	3,014,484,562.19	11.04	3,040,805,653.86	11.59	-0.87	
Long-term prepaid expenses	48,365,658.22	0.18	62,249,709.20	0.24	-22.30	
Deferred income tax assets	379,108,560.99	1.39	396,819,306.19	1.51	-4.46	
Other non-current assets	147,476,000.27	0.54	72,940,444.96	0.28	102.19	
Short-term borrowings	400,380,277.76	1.47	322,940,547.75	1.23	23.98	
Bills payable	200,000.00	0.00	3,169,300.00	0.01	-93.69	
Accounts payable	299,791,566.79	1.10	185,335,672.51	0.71	61.76	
Contracts liabilities	518,104,897.38	1.90	630,272,097.10	2.40	-17.80	
Employee benefits payable	798,611,783.09	2.92	705,159,894.73	2.69	13.25	
Taxes payable	121,436,582.03	0.44	149,212,114.42	0.57	-18.61	
Other payables	1,146,413,581.56	4.20	674,477,406.66	2.57	69.97	
Non-current liabilities due within one year	907,044,526.02	3.32	726,958,673.79	2.77	24.77	
Long-term borrowings	5,922,548,644.98	21.68	5,886,790,644.98	22.43	0.61	
Lease liabilities	312,579.94	0.00	452,512.09	0.00	-30.92	
Long-term payables	88,000,000.00	0.32	138,000,000.00	0.53	-36.23	
Long-term employee benefits payable	386,319,022.88	1.41	500,298,437.92	1.91	-22.78	
Deferred income	190,734,925.49	0.70	207,520,518.95	0.79	-8.09	
Deferred income tax liabilities	28,728,855.78	0.11	13,351,927.66	0.05	115.17	

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Other details

Construction in progress as at 30 June 2021 amounted to RMB1,652,559,300.00, representing an increase of 39.69% from the beginning of the year, mainly due to the continued construction of the Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port.

Other non-current assets as at 30 June 2021 amounted to RMB147,476,000.00, representing an increase of 102.19% from the beginning of the year, mainly due to the increase in deductible input VAT of Cangzhou Mineral Port, a subsidiary of the Company.

Bills payable as at 30 June 2021 amounted to RMB200,000.00, representing a decrease of 93.69% from the beginning of the year, mainly due to the payment of the amount of the bank acceptance draft by the Company.

Accounts payable as at 30 June 2021 amounted to RMB299,791,600.00, representing an increase of 61.76% from the beginning of the year, mainly due to the increase in operating payables.

Other payables as at 30 June 2021 amounted to RMB1,146,413,600.00, representing an increase of 69.97% from the beginning of the year, mainly due to the provision of dividends payable by the Company and the adjustment of long-term payables due within one year of Jingtang Railway based on liquidity.

Lease liabilities as at 30 June 2021 amounted to RMB312,600.00, representing a decrease of 30.92% from the beginning of the year, mainly due to a portion of them was classified into non-current liabilities due within one year by the Company based on its liquidity.

Long-term payables as at 30 June 2021 amounted to RMB88,000,000.00, representing a decrease of 36.23% from the beginning of the year, mainly due to the reclassification of the equity payables of Jingtang Railway by the Company based on its liquidity.

Deferred income tax liabilities as at 30 June 2021 amounted to RMB28,728,900.00, representing an increase of 115.17% from the beginning of the year, mainly due to the difference between tax base and accounting base in fair value of other equity instruments of the Company.

2. Overseas assets

Applicable Not applicable

(1) Assets scale

Including: overseas assets of 56,457,018.55 (Unit: Yuan, Currency: RMB), representing 0.21% of the total assets.

(2) Explanation of overseas assets

Applicable Not applicable

3. Restrictions on major assets as at the end of the Reporting Period

Applicable Not applicable

4. Other explanation

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Investment Analysis

1. Overall analysis of external equity investments

Applicable Not applicable

As at the end of the Reporting Period, the closing balance of external equity investments of the Company was RMB3,248,012,100, representing an increase of RMB195,346,200 or 6.40% from the beginning of the Reporting Period. For details of such changes refer to “7. Long-term Equity Investments” set out in Section IX “V. Notes to Key Items of the Consolidated Financial Statements” of the report.

(1) Substantial equity investments

Applicable Not applicable

(2) Substantial non-equity investments

Applicable Not applicable

(3) Financial assets measured at fair value

Applicable Not applicable

For details, please refer to “1. Assets and Liabilities Measured at Fair Value” of Section IX “VIII. Disclosure of Fair Value”.

(V) Sales of substantial assets and equity interest

Applicable Not applicable

(VI) Analysis of major controlled companies and investees

Applicable Not applicable

Cangzhou Mineral Port is a substantial subsidiary of the Company. It was incorporated on 10 April 2012, with a registered capital of RMB5,266,348,200. Its headquarters is located in Bohai New District, Cangzhou City, Hebei Province. It mainly engages in stevedoring and stacking business. As at 30 June 2021, the total assets of Cangzhou Mineral Port was RMB9,749,505,400, of which the net assets were RMB5,768,610,900. For the six months ended 30 June 2021, the revenue of Cangzhou Mineral Port was RMB700,598,400, and the operating profit was RMB65,881,800. Net profit was RMB79,076,200, accounting for 11.32% of net profit attributable to the parent company.

Caofeidian Coal Port is a substantial subsidiary of the Company. It was incorporated on 29 October 2009, with a registered capital of RMB1,800,000,000. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in business including stevedoring and storage services. As at 30 June 2021, the total assets of Caofeidian Coal Port was RMB5,138,345,400, of which the net assets were RMB1,041,258,200. For the six months ended 30 June 2021, the revenue of Caofeidian Coal Port was RMB312,855,500 and the operating profit was RMB-59,509,200. Net loss was RMB59,502,700, accounting for -8.51% of net profit attributable to the parent company.

Tangshan Caofeidian Shiye Port is a substantial investee of the Company. It was incorporated on 4 September 2002, with a registered capital of RMB2,000,000,000. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in businesses including operation of port business and investment in infrastructure. As at 30 June 2021, the total assets of Tangshan Caofeidian Shiye Port was RMB7,379,171,900, of which the net assets were RMB5,182,621,400. For the six months ended 30 June 2021, the revenue of Tangshan Caofeidian Shiye Port was RMB815,338,500, and the operating profit was RMB401,522,200. Net profit was RMB321,875,800, and the Company's share of investment income in proportion to shareholding accounted for 16.12% of net profit attributable to the parent company.

(VII) Structured entities under the control of the Company

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

VI. 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.

VII. OTHER DISCLOSURES

(I) Potential risks

Applicable Not applicable

The development of the port industry is highly correlated with the macroeconomic situation. The growth of the Company’s business volume depends largely on the economic and trade growth rate. With the slowdown of economic growth and the replacement of old growth drivers with new ones and other economic and industrial development trends, the ports predominantly in dry bulk require the adjustment on the structure of cargoes and upgrade on industry structure. Under the influence of factors such as the promotion of the goal of “peaking carbon dioxide emissions and carbon neutrality”, clean energy substitution and the increase in UHV power transmission, the general demand in domestic traded market of coal may be limited in the long term, and the competition among ports in Bohai Rim area may be more severe as the supporting facilities of Haolebaoji-Ji’an Railway are further improved.

In the near future, firstly, imported coal other than Australian coal may have an impact on domestic coal; secondly, under the background of limited room for upward movement of the overall demand for coal, the competition in Bohai Rim area may be more severe; thirdly, with the gradual improvement of supporting facilities along the Haolebaoji-Ji’an Railway and the gradual increase of shipping volume of the Haolebaoji-Ji’an Railway, the direct rail access may have a certain degree of squeeze on the sea freight share of the ports in Bohai Rim area to the “two lakes and one river (兩湖一江)”; fourthly, the repetition of the COVID-19 epidemic may lead to a certain impact on the industrial production rate.

To cope with the above challenges, the Company will seize the development opportunities brought by a series of national strategies and policies, such as the Coordinated Development of Beijing-Tian-Hebei Area, the “One Belt and One Road” Initiative, the New Development Pattern of “Dual Circulation” and the Reform on State-owned Enterprises, accelerate the construction of key port projects, actively promote the transformation and development of the enterprise, and continuously open up new development space. At the same time, we will innovate our business development model, improve our port services, build a more comprehensive port logistics service system with better services, to continuously improve our overall competitiveness.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(II) Other Disclosures

√ Applicable □ Not applicable

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) Net Non-operating Revenue and Expenses

During the Reporting Period, the Company's net non-operating revenue and expenses amounted to RMB4,549.6 thousand, representing an increase of 239.22% as compared to the corresponding period of last year, mainly due to the receipt of insurance claims the Reporting Period and external donations in the previous period.

(6) 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.

(7) 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.

(8) Bank Loans and Other Borrowings

The details of bank borrowings and other borrowings of the Company as at 30 June 2021 are set out in "16. Short-term borrowings", "22. Non-current liabilities due within one year" and "23. Long-term borrowings" of Section IX "V. Notes to Key Items of the Consolidated Financial Statements".

(9) 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.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(10) Pledge of Assets and Contingent Liabilities

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

(11) Capital Commitments

Details of the Company's capital commitments during the Reporting Period are set out in Section IX "X. Commitments".

(12) 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.

SECTION IV CORPORATE GOVERNANCE

I. BRIEF INTRODUCTION OF GENERAL MEETING

Session of Meeting	Date	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published	Resolutions of the Meeting
The 2020 Annual General Meeting	25 June 2021	www.sse.com.cn www.hkexnews.hk	26 June 2021 25 June 2021	For details, please see the announcement of the Company on the resolutions of the 2020 Annual General Meeting, 2021 First A Shareholders' Class Meeting and the 2021 First H Shareholders' Class Meeting (Announcement No.: 2021-020)
The 2021 First A Shareholders' Class Meeting	25 June 2021	www.sse.com.cn www.hkexnews.hk	26 June 2021 25 June 2021	For details, please see the announcements of the Company on the resolutions of the 2020 Annual General Meeting, the 2021 First A Shareholders' Class Meeting and the 2021 First H Shareholders' Class Meeting (Announcement No.: 2021-020)
The 2021 First H Shareholders' Class Meeting	25 June 2021	www.sse.com.cn www.hkexnews.hk	26 June 2021 25 June 2021	For details, please refer to the Announcement of the Company on the resolutions of the 2020 Annual General Meeting, the 2021 First A Shareholders' Class Meeting and the 2021 First H Shareholders' Class Meeting (Announcement No.: 2021-020)

Request for convening of extraordinary general meeting by the Shareholders of Preferred Shares Whose Voting Rights have been Restored

Applicable Not applicable

Information of General Meetings

Applicable Not applicable

On 25 June 2021, QHD Port held the 2020 Annual General Meeting, the 2021 First A Shareholders' Class Meeting and the 2021 First H Shareholders' Class Meeting. Twelve resolutions were considered and approved on the 2020 Annual General Meeting, including the resolution regarding the report of the board of directors of the Company for 2020; the resolution regarding the report of the supervisory committee of the Company for 2020; the resolution regarding the final financial report of the Company for 2020; the resolution regarding the 2020 profit distribution plan and the declaration of final dividend of the Company; the resolution regarding the re-appointment of the auditor of the Company for the year 2021 and the audit fees for the year 2021; the resolution regarding the re-appointment of the internal control auditor of the Company for the year 2021 and the internal control audit fees for the year 2021; the resolution regarding the Director's 2020 annual remuneration; the resolution regarding the Supervisor's 2020 annual remuneration; the resolution regarding amendment of the Articles of Association of Qinhuangdao Port Co., Ltd.; the resolution regarding amendment of the Rules of Procedures for General Meetings of Qinhuangdao Port Co., Ltd., resolution regarding amendment of the Rules of Procedure for the Board of Directors and the resolution regarding closing of certain proceeds-financed projects of A Shares and application of the remaining balance of the proceeds to permanently replenish the working capital.

Two resolutions were considered and approved on the 2021 First A Shareholders' Class Meeting, including the resolution regarding amendment of the Articles of Association of Qinhuangdao Port Co., Ltd. and the resolution regarding amendment of the Rules of Procedures for General Meetings of Qinhuangdao Port Co., Ltd.

Two resolutions was considered and approved on the 2021 First H Shareholders' Class Meeting, including the resolution regarding amendment of the Articles of Association of Qinhuangdao Port Co., Ltd. and the resolution regarding amendment of the Rules of Procedures for General Meetings of Qinhuangdao Port Co., Ltd.

SECTION IV CORPORATE GOVERNANCE

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF QHD PORT

Applicable Not applicable

Name	Positions	Change
CAO Dong	Employee Representative Supervisor	resigned
ZHOU Chengtao	Employee Representative Supervisor	elected
GUO Xikun	Vice president, Chief financial officer	resigned
YANG Xuejun	Vice president	appointed
CAO Dong	Chief financial officer	appointed

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF QHD PORT

Applicable Not applicable

During the reporting period, the Supervisory Board of the QHD Port received the resignation tendered by Mr. CAO Dong and he resigned from his position as a supervisor due to change of his work. The Board of QHD Port received the resignation tendered by Mr. GUO Xiyun and he resigned from his position as a vice president and chief financial officer of QHD Port due to the change of his work.

On 15 July 2021, QHD Port held a joint meeting of employee representatives, and Mr. ZHOU Chengtao was elected as an employee representative supervisor of the 4th Supervisory Board of QHD Port.

On 20 July 2021, the Resolution on the Appointment of Mr. YANG Xuejun as Vice President of QHD Port and the Resolution on the Appointment of Mr. CAO Dong as Chief Financial Officer of QHD Port were considered and passed on the 27th meeting of the fourth session of the Board of QHD Port. Mr. YANG Xuejun was appointed as the vice president of QHD Port and Mr. CAO Dong was appointed as the chief financial officer of QHD Port.

The terms of office of the 4th session of the Board of Directors and the Supervisory Board of QHD Port was expired on 20 June 2021. In view of the fact that the nomination of candidates for the new Board of Directors and Supervisory Board has not yet been completed, the general election of the Board of Directors and the Supervisory Board of the Company will be postponed, and the terms of office of the special committees of the Board of Directors and the senior management of QHD Port will be postponed accordingly in order to maintain the continuity of the relevant work.

III. INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

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

QHD Port has established the Audit Committee according to the requirements of the Hong Kong Listing Rules with written terms of its reference. The Audit Committee has reviewed the unaudited interim financial report of QHD Port for the six months ended 30 June 2021.

IV. PLANS FOR PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVES

Plans For Profit Distribution or the Transfer of Capital Reserve to Share Capital for the Half Year

Distribution or capitalization	No
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SECTION IV CORPORATE GOVERNANCE

V. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER INCENTIVE MEASURES FOR EMPLOYEES AND THEIR IMPACTS

(I) Incentives disclosed in extraordinary announcements without progress or change in the follow-up Implementation

Applicable Not applicable

(II) Incentives not disclosed in extraordinary announcements or with progress in the follow-up implementation

Share incentive

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee share scheme

Applicable Not applicable

Other incentive measures

Applicable Not applicable

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

(I) Environmental protection of the Company and its subsidiaries categorized as major sewage discharge enterprises as published by the environmental protection department

Applicable Not applicable

1. Information about pollution discharge

Applicable Not applicable

The Company is one of the key pollutant discharge enterprises of Qinhuangdao City in 2021. The Company manages the discharge of pollutants in strict compliance with the pollution discharge license. In the first half of 2021, the Company did not discharge production waste water. The exhaust emission reached the standard and met the requirements of pollution discharge license.

2. Construction and operation of pollution prevention facilities

Applicable Not applicable

In the first half of 2021, the Company is actively engaged in the operation, management and maintenance of pollution prevention and control facilities. At present, all pollution prevention equipments and facilities function well.

3. Environmental impact assessment of construction projects and other permits granted by environmental department

Applicable Not applicable

The pollution discharge license is valid and the license number is 91130000673224391T001V, with effect from 16 August 2020 to 15 August 2023.

4. Contingency plans for environmental emergencies

Applicable Not applicable

In the first half of 2021, the Company has revised and updated the communication list in the Contingency Plans for Environmental Emergencies. On 23 July, comprehensive emergency drill for production safety accidents and sudden environmental incidents was organized and conducted by the Company, which fully examined the applicability and operability of the Plan.

5. Environmental self-monitoring plans

Applicable Not applicable

In the first half of 2021, the Company prepared the environment monitoring program on its own according to the monitoring requirements of pollutant discharge enterprises. Monitoring data has showed that all pollutants have reached the discharge standard.

6. Administrative penalties imposed for environmental problems during the reporting period

Applicable Not applicable

7. Other information about environmental protection which should be made public

Applicable Not applicable

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

(II) Information on environmental protection of companies not categorized as major sewage discharge enterprises

Applicable Not applicable

(III) Disclosed information on subsequent progress or changes of environmental protection during the Reporting Period

Applicable Not applicable

(IV) Information on ecological protection, pollution prevention and control, and fulfillment of environmental responsibility

Applicable Not applicable

The Company released the Management Measures for the Prevention of Mobile Pollution Sources (《移動源污染防治管理辦法》), consolidate local management of the use of mobile sources and the main responsibility, strict coordination and control of port vehicles and non-road mobile machinery in bulk or sparse transportation, to ensure that all vehicles meet the requirements of the port.

(V) Measures and effects taken to reduce its carbon emissions during the reporting period

Applicable Not applicable

As a key energy-using enterprise in Qinhuangdao City, the Company has always attached importance to energy saving and emission reduction, and has set up a leading management group of energy saving and emission reduction since 2008, and has been improving its energy saving management system and improving its management system to promote the construction of a conservation-oriented and environment-friendly port.

In 2021, the Company is actively responding to the goal of “carbon peak emissions, carbon neutrality” action proposed by the government of PRC, targeting to make “green port” construction as one of the goals of “safe, green and smart” port construction of QHD port. The Company is committed to deepening the construction of the energy saving system and increasing the assessment and promote the management with the system and enhancing the refinement of energy saving work, deepening the potential of energy saving, including improving the heat measurement of the Company and refining the control of steam and hot water usage; optimizing the production process, rationalizing the scheduling command, and improving the production organization efficiency; increasing energy saving investment and making every effort to carry out energy-saving and technical reforming projects in 2021 and promoting the application of new technologies; strictly conducting energy-saving examination of new projects and actively planning to promote and utilize new energy equipment.

The Company summarized and improved its energy saving and emission reduction work in a timely manner. During the reporting period, the Company organized the energy auditing work for 2020 to deeply investigate the weaknesses in energy saving management, and continued to explore the potential of energy saving and search for the new directions for energy saving.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

II. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF WORKS OF POVERTY ALLEVIATION AND REVITALIZATION OF VILLAGES

Applicable Not applicable

Primarily leveraging on the concept of “2+2” model, Our Company is developing a model of “2 industries” (i.e. sweet potato and pumpkin) and creating “2 products” (i.e. honey and melon seeds) to continuously strengthen the rural collective enterprises and planning for the development path of the rural collective enterprises based on the demand of Shuanghesheng Ecology Agricultural Products Co., Ltd. (雙合盛生態農產品有限公司) (hereinafter referred to as “Shuanghesheng Company”) for raw materials for production. Under the active coordination of the Company, a pollution-free raw material planting base has been established with Shuanghesheng Company, and nearly 100 mu of chestnut pumpkins have been planted by planters. We have entered into the “Pumpkin Planting and Purchasing Cooperation Agreement” with Shuanghesheng Company and “Pumpkin Planting and Purchasing Agreement” with the planters, and we expect to provide 100,000 kilograms of pumpkin and 50,000 kilograms of sweet potatoes to Shuanghesheng Company through the planting by farmers of this village, all of which will be processed in Shimenzi Village, Guanchang Township, Qinglong County, Qinhuangdao City (hereinafter referred to as “Shimenzi Village”). Through the implementation of the project, we can provide stable employment for Shimenzi Village, improve the income of farmers and increase the collective income of the village, which is beneficial to the long-term sustainable development of Shimenzi Village.

In order to accelerate the realization of consolidating and expanding the achievements of poverty alleviation and revitalization of villages and the establishment of a sound long-term mechanism for it, and maintain the overall stability of the main supporting policies, the Company strictly implements the spirit of “shaking off poverty rather than responsibility, policies, assistance and supervision” to promote the revitalization of villages in an orderly manner. During the reporting period, the Company vigorously promoted “poverty alleviation through Consumption” and organized employees and labor unions to purchase agricultural products in a total amount of RMB1,295,100, which met the needs of employees and sent good wishes and condolences to employees and retired cadres during festivals. The “Consumption and Poverty Alleviation Fund” provides support for the subsequent development of village revitalization work.

During the reporting period, the Company actively carried out household visits. The managements of the Company led the paired support cadres to go to the front line to understand the development conditions of the village, and get closely to understand the production, living and working conditions of the poverty households and also sent condolence goods amounting to RMB19,600.

SECTION VI SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS ON A SHARES

(I) Undertakings made by undertaking parties, including the actual controller, Shareholders, related parties, acquirers of the Company and the Company given or subsisting in the Reporting Period

√ Applicable Not applicable

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Intention to Sell Down	HPG	<p>The shares of QHD Port held by it may be reduced within two years after the expiry of the lock-up period, subject to the satisfaction of the following conditions: from the date of the Issuance of QHD Port to the date of publication of the indicative announcement in relation to the reduction of shareholding, they are able to timely and effectively perform their obligations under the public undertakings at the time of the Issuance; In addition, the average trading price of the shares of QHD Port for the 20 consecutive trading days prior to the publication of the indicative announcement in relation to the reduction of shareholding is higher than the Issue Price, among which, the average trading price of the shares of QHD Port for the 20 preceding trading days is calculated as: the average trading price of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding = the total trading amount of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding/the total trading volume of the shares of the Issuer for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding. Within two years after the expiry of the lock-up period, the total number of shares to be reduced each year shall not exceed 10% of the total number of shares of QHD Port held by it. In the event of conversion of capital reserve or undistributed profit into share capital of QHD Port during the year of reduction, the calculation base of total share capital at the end of the previous year shall be adjusted accordingly. The number of available reduction units cannot be calculated on a cumulative basis, and the number of unsold reduction units in the current year cannot be accumulated to the following year. In addition, the price of reduction in shareholding shall not be lower than the issue price of the shares to be issued by QHD Port. If QHD Port carries out ex-rights or ex-dividend activities due to profit distribution, conversion of capital reserve into share capital, additional offering and placing after listing, it shall deal with ex-rights or ex-dividend activities in accordance with the relevant provisions of the stock exchange. After the expiration of the lock-up period, if it is determined to reduce its shareholding in QHD Port in accordance with the law, it shall publish an indicative announcement of the reduction through QHD Port three trading days in advance, and specify the number or range of the reduction and the execution period of the reduction in the announcement.</p>	2 years after the expiration of the lock-up period	Yes	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Intention to Sell Down	State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City	<p>The shares of QHD Port held by it may be reduced within two years after the expiry of the lock-up period, subject to the satisfaction of the following conditions: from the date of the Issuance of QHD Port to the date of publication of the indicative announcement in relation to the reduction of shareholding, they are able to timely and effectively perform their obligations under the public undertakings at the time of the Issuance; In addition, the average trading price of the shares of QHD Port for the 20 consecutive trading days prior to the publication of the indicative announcement in relation to the reduction of shareholding is higher than the issue price, among which, the average trading price of the shares of QHD Port for the 20 preceding trading days is calculated as: the average trading price of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding = the total trading amount of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding/the total trading volume of the shares of the Issuer for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding. Within two years after the expiry of the lock-up period, the total number of shares to be reduced each year shall not exceed 50% of the total number of shares held by it in QHD Port. In the event of conversion of capital reserve or undistributed profit into share capital of QHD Port during the year of reduction, the calculation base of total share capital at the end of the previous year shall be adjusted accordingly. The number of available reduction units cannot be calculated on a cumulative basis, and the number of unsold reduction units in the current year cannot be accumulated to the following year. In addition, the price of reduction in shareholding shall not be lower than the issue price of the shares to be issued by QHD Port. If QHD Port carries out ex-rights or ex-dividend activities due to profit distribution, conversion of capital reserve into share capital, additional offering and placing after listing, it shall deal with ex-rights or ex-dividend activities in accordance with the relevant provisions of the stock exchange. After the expiration of the lock-up period, if it is determined to reduce its shareholding in QHD Port in accordance with the law, it shall publish an indicative announcement of the reduction through QHD Port three trading days in advance, and specify the number or range of the reduction and the execution period of the reduction in the announcement.</p>	2 years after the expiration of the lock-up period	Yes	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Dealing with horizontal competition	HPG	<p>In order to avoid competition with QHD Port and its controlled enterprises, HPG issued the Non-competition Undertaking to QHD Port on 10 August 2015, which irrevocably undertakes and guarantees as follows:</p> <ol style="list-style-type: none"> None of the controlled enterprises of HPG and HPG (other than QHD Port) is or will be engaged in any business or activity in any form, directly or indirectly, in competition with or likely to be in competition with the principal businesses currently and in the future engaged by QHD Port and its controlling enterprises, both within and outside the PRC; HPG undertakes to use its best endeavours to procure that the companies in which HPG holds equity interests do not or will not engage in or participate in any form of business or activity which competes or is likely to compete, directly or indirectly, with the principal business of QHD Port and its controlled enterprises within or outside the PRC. If HPG or the controlled enterprise of HPG other than QHD Port identifies any new business opportunity that competes or may compete, directly or indirectly, with the principal business of QHD Port or its controlled enterprise, it shall immediately notify QHD Port in writing and use its best endeavours to procure that such business opportunity is first offered to QHD Port or its controlled enterprise on reasonable and fair terms and conditions. If QHD Port or its controlled enterprises abandon such competing new business opportunities and HPG or its controlled enterprises engage in such competing business other than QHD Port, QHD Port or its controlled enterprises shall have the right to acquire any equity interests, assets and other interests in the aforesaid competing business from HPG or its controlled enterprises at any time, either on a one-off or multiple occasions, or by QHD Port to entrust, lease or contract to operate the assets or businesses of HPG or its controlled enterprises other than QHD Port in the aforesaid competing business in a manner permitted by national laws and regulations. When HPG and HPG's controlled enterprises other than QHD Port intend to transfer, sell, lease, license or otherwise transfer or permit to use assets and businesses that compete or are likely to compete, directly or indirectly, with the principal businesses of QHD Port or its controlled enterprises, HPG and HPG's holding enterprises other than QHD Port will provide QHD Port or its controlled enterprises with pre-emptive rights, and undertake to use their best efforts to procure HPG's shareholding enterprises to provide pre-emptive rights to QHD Port or its controlled enterprises in the above circumstances. From the date of this letter of undertaking, HPG undertakes to indemnify QHD Port or its controlled enterprises against all actual losses, damages and expenses suffered by HPG or its controlled enterprises as a result of any breach of any terms of this letter of undertaking. This letter of undertaking shall terminate upon the earlier of: (1) Any holding enterprise of HPG and HPG directly or indirectly holds less than 30% of the total number of shares of QHD Port (on an aggregated basis); or (2) The shares of QHD Port shall cease to be listed on the SSE and other internationally recognized stock exchanges (except for the suspension of trading of the shares of QHD Port for any reason). 	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Disclosure of Information Undertaking	QHD Port	<p>If the CSRC or other competent authorities determine that there are false representations, misleading statements or material omissions in the prospectus and such circumstances have a material and substantial impact on the determination of whether QHD Port is subject to the conditions of Issuance as prescribed by the laws, Qinhuangdao Port will repurchase all the new shares issued under this Issuance in accordance with the following methods: 1) If the above circumstances occur during the stage when the new shares issued under this issuance by QHD Port are issued but not traded, QHD Port will return the proceeds raised from this Issuance to the investors who have paid the subscription monies according to the issue price plus bank deposit interest for the same period within 5 working days from the date of the above circumstances. 2) If the above situation occurs after the new shares to be issued by QHD Port have been listed and traded, QHD Port will convene a board meeting within 15 trading days after the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the existence of the above-mentioned facts of QHD Port, formulate a share repurchase plan for the new shares to be issued and submit it to the general meeting for consideration and approval, and repurchase all the new shares to be issued under the Issuance through the trading system of the SSE in accordance with the specific share repurchase plan considered and approved by the Board and the general meeting at a price not lower than the issue price of the shares to be issued under the issuance plus interest on current bank deposits for the relevant period from the issuance of shares to the repurchase or such other price as recognized by the CSRC. In case of any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance and placing of shares of QHD Port after the issuance and before the repurchase, the above issue price shall be the ex-right and ex-dividend price. Should there be any false representation, misleading statement or material omission in the prospectus of QHD Port which results in losses suffered by investors in securities trading, QHD Port shall compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court.</p>	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Disclosure of Information Undertaking	HPG	<p>HPG, the controlling shareholder of QHD Port, undertakes that if the prospectus of QHD Port contains false representations, misleading statements or material omissions, which have material and substantial impact on the determination of the issue conditions as stipulated by the laws, it will repurchase the transferred original restricted shares in accordance with the laws after the competent authorities such as the CSRC or the People's Court have made the final determination or effective judgment of the aforesaid facts in the prospectus of QHD Port. The repurchase price shall not be lower than the issue price of the shares of QHD Port plus interest on bank demand deposits for the relevant period from the Issuance of the shares to the Issuance of the repurchase offer or such other price as recognized by the CSRC, and shall be implemented in accordance with the procedures stipulated by relevant laws and regulations. If there is any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance or distribution of shares after listing of QHD Port, the above issue price shall be the ex-right or ex-dividend price. If the prospectus of QHD Port contains any false record, misleading statement or material omission which causes losses to the investors in securities trading, it will compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court. In the event that there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issue conditions stipulated by the laws of the People's Republic of China have been fulfilled by the competent authorities such as the CSRC or the People's Court, which have made the final determination or effective judgment of the issuer, it has undertaken to procure QHD Port to perform the decision-making procedures for the share repurchase, and in the event that QHD Port convenes a general meeting to resolve on the share repurchase, it has undertaken to vote for the share repurchase at the general meeting.</p>	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Disclosure of Information Undertaking	Directors of QHD Port	If there are false representations, misleading statements or material omissions in the prospectus of QHD Port that result in losses suffered by investors in securities trading, and the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the aforesaid facts in the prospectus of QHD Port, they will compensate the investors for the direct losses actually suffered by them in accordance with the scope of compensation, compensation standards, compensation amount and other factors determined by such final determination or effective judgment. If there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issuance conditions stipulated by the laws by QHD Port have resulted in losses to investors in securities trading, and if the final determination or effective judgment of the above facts of QHD Port has been made by the competent authorities such as the CSRC or the People's Court, at the time of convening the relevant board of directors to resolve on the repurchase of shares, QHD Port undertakes to vote in favour of the relevant resolution in relation to the repurchase of shares.	Long term	No	Yes		
Undertakings in relation to IPO	Disclosure of Information Undertaking	Supervisors and senior management of QHD Port	If there are false representations, misleading statements or material omissions in the prospectus of QHD Port that result in losses suffered by investors in securities trading, and the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the aforesaid facts in the prospectus of QHD Port, they will compensate the investors for the direct losses actually suffered by them in accordance with the scope of compensation, compensation standards, compensation amount and other factors determined by such final determination or effective judgment.	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Undertakings to Fill the Diluted Immediate Return	Directors and senior management of QHD Port	The directors and senior management of QHD Port have made undertakings on the effective implementation of the remedial measures for returns of the Company in accordance with the relevant requirements of the CSRC, details of which are as follows: Not to transfer to other entities or individuals for free or under unfair conditions, nor otherwise to prejudice the interests of QHD Port; To restrict job-related consumption; The assets of QHD Port will not be used for investment and consumption activities unrelated to the performance of their duties; The remuneration system formulated by the Board of Directors or the Remuneration Committee is linked to the implementation of the remedial measures for returns of QHD Port; If QHD Port proposes to implement an equity incentive, it will link the exercise conditions of the equity incentive formulated by QHD Port with the implementation of the remedial measures for returns of QHD Port; The Company will duly implement the relevant remedial measures for returns formulated by QHD Port, and if there is any breach of such undertakings which causes losses to QHD Port or investors, it will be liable for the compensation to QHD Port and investors in accordance with the laws; Prior to the completion of the offering and listing of QHD Port, if the CSRC imposes other new regulatory requirements in relation to the remedial measures for returns and its undertakings, and such undertakings fail to meet such requirements of the CSRC, it will make supplemental undertakings in accordance with the latest requirements of the CSRC.	Long term	No	Yes		
Undertakings in relation to IPO	Resolving Title Defects such as Properties	HPG	QHD Port leased from HPG the properties without building ownership certificates, and HPG issued an undertaking letter, undertaking that it is the sole owner of such properties, and that there are no third party rights or any ownership disputes on such properties, and it is entitled to lease such properties to QHD Port; In the event that HPG or any third party causes any interruption or interference to the leasing and use of such properties by QHD Port or any third party due to the reasons for the ownership of such properties, which causes economic loss or other burden to QHD Port, HPG undertakes to compensate or bear any loss or burden caused to QHD Port by the aforesaid reasons.	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	QHD Port	<p>QHD Port will strictly perform all the public undertakings made by QHD Port in relation to the Issuance and actively accept social supervision. In the event that the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule (except for reasons beyond the control of QHD Port due to objective reasons such as changes in relevant laws and regulations, policies, natural disasters and other force majeure), QHD Port will take the following measures: 1) to timely and fully disclose the specific reasons for the failure to perform, the failure to perform or the failure to perform on schedule by QHD Port; 2) to provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) to impose penalties in the form of reduction or suspension of remuneration or allowances or demotion of duties on the relevant responsible person; At the same time, QHD Port will immediately cease the formulation or implementation of major asset purchases and disposals, as well as capital operation activities such as issuance of new shares, issuance of corporate bonds and major asset restructuring until QHD Port has fulfilled the relevant undertakings; 5) to publicly explain the specific reasons for non-performance of the undertakings at the general meeting and the media designated by the CSRC for disclosure, and apologize to the shareholders and the public investors.</p> <p>If the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule due to objective reasons beyond the control of QHD Port, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, QHD Port will adopt the following measures: 1) to timely and fully disclose the specific reasons for the failure, inability or inability to perform the undertaking of QHD Port; 2) to provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors of QHD Port as much as possible; 3) to publicly explain the specific reasons for non-performance of the undertaking and apologize to the shareholders and public investors at the general meeting and the media designated by the CSRC for disclosure.</p>	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	HPG, State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City	It will strictly comply with all public undertakings made in relation to the Issuance of QHD Port and actively accept social supervision. If its undertaking is not performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond its control, such as relevant laws and regulations, policy changes, natural disasters and other force majeure), it will take the following measures: 1) to fully disclose the specific reasons for his failure to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) the proceeds obtained by it from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, it shall compensate QHD Port or the investors in accordance with the law, and shall be compensated in accordance with the following procedures: ① the cash dividends payable to it shall be directly used by QHD Port for the execution of the outstanding undertaking or to compensate for the losses incurred by QHD Port or the investors due to the non-performance of the undertaking; ② If it reduces its shareholding prior to the full performance of its undertaking or the completion of compensation, it shall transfer the funds received from the reduction to the Board of Directors of QHD Port for specific performance of its undertaking or for compensation until it has fulfilled its undertaking or made up for the losses of the Company and the investors. If its undertakings cannot be performed, cannot be performed or cannot be performed on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, it will take the following measures: 1) to timely and fully disclose the specific reasons for its failure, inability or inability to perform on schedule through QHD Port; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	Executive Directors, Non-executive Directors and Senior Management of QHD Port	<p>It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) to fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) In the event that he/she fails to put forward the specific plan for increase in shareholding as stated in the share price stabilization plan, or fails to implement the plan for increase in shareholding as disclosed, he/she shall irrevocably authorize QHD Port to withhold 20% of the total remuneration received from QHD Port for the previous year and perform the obligation of increase in shareholding on his/her behalf; 5) The gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QHD Port or the investors in accordance with the following procedures: if I receive remuneration from QHD Port, I agree that QHD Port shall cease to pay remuneration to it and use it directly to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure, failure or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, I will take the following measures: 1) to timely and fully disclose the specific reasons for the failure to perform, failure to perform or failure to perform on schedule by QHD Port; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.</p>	Long term	No	Yes		

SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	Independent Non-executive Directors and Supervisors of QHD Port	It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) to fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) The gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QPCL or the investors in accordance with the following procedures: if I receive remuneration from QHD Port, I agree that QHD Port shall cease to pay remuneration to it, and this will be directly used to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure, failure or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, I will take the following measures: 1) to timely and fully disclose the specific reasons for the failure to perform, failure to perform or failure to perform on schedule by QHD Port; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	Long term	No	Yes		

II. IS THERE ANY MISAPPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES FOR NON-OPERATING PURPOSES

Applicable Not applicable

III. IS THERE ANY ILLEGAL GUARANTEE

Applicable Not applicable

IV. AUDIT ON INTERIM REPORT

Applicable Not applicable

V. CHANGES IN MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS ON ANNUAL REPORT FOR THE PREVIOUS YEAR AND THEIR HANDLING

Applicable Not applicable

VI. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

Applicable Not applicable

VII. MATERIAL LITIGATIONS AND ARBITRATION

The Company had material litigations and arbitrations during the Reporting Period

The Company had no material litigations and arbitration during the Reporting Period

SECTION VI SIGNIFICANT EVENTS

VIII. VIOLATION OF LAWS AND RULES AND PENALTY AND RECTIFICATION AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLER AND ACQUIRER

Applicable Not applicable

IX. EXPLANATION ON INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

Applicable Not applicable

During the Reporting Period, QHD Port and its controlling shareholders, de facto controllers did not have refusal to implement effective judgments of a court or failure to meet debt repayment schedules in a relatively large amount.

X. MATERIAL RELATED TRANSACTIONS

(I) Related transactions related to daily operation

1. Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation
 Applicable Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation
 Applicable Not applicable

Leasing Framework Agreement

Considered and approved at the fourth meeting of the fourth session of the Board of the Company, on 28 September 2018, the Company entered into Lease Framework Agreement with HPG, with effect from 1 January 2019 to 31 December 2021. According to Lease Framework Agreement, HPG (including subsidiaries and units, same as in the following section) leased its properties, civil construction facilities, equipment and other assets managed by HPG to the Company. The pricing principle of rentals is cost plus reasonable profit of lease target. Pursuant to which, the Company paid the rentals of a maximum amount of RMB121,529,200 per annum to HPG. They agreed that the total rentals paid by the Company to HPG shall decrease according to the corresponding cost plus reasonable profit of such assets, for the purpose of certain discontinued assets in accordance with the Lease Framework Agreement. For the details of the Leasing Framework Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2018-030) on the website of the Shanghai Stock Exchange on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Hong Kong Stock Exchange on 28 September 2018 published by QHD Port.

In the first half of 2021, the Company incurred the rental of RMB56,644,997.22 according to Lease Framework Agreement.

General Services Agreement

Considered and approved by the first extraordinary general meeting of 2018, on 28 September 2018, the Company entered into General Services Agreement with HPG, with effect from 1 January 2019 to 31 December 2021. Pursuant to General Services Agreement, the Company offers general services to HPG mutually and the price of each service shall be determined according to the following principles and orders; (1) Government Price: At all times, government price is applicable to any specific product and service, and such products and services will be provided according to applicable government price (whether national or regional); (2) Government Guidance Price: Price shall be determined within the scope of the government guidance price if there is a standard of government guidance fee; (3) Market Price: The price will be determined with reference to the market price at that time if there is no above two pricing standards but the price of same or similar products, technology and services provided by independent third parties during the ordinary course of business on normal commercial terms; The management of the two parties shall refer to at least two comparable transactions with independent third parties when determining whether the transaction price of any product under the General Services Agreement is the market price; (4) Agreement Price: The charging standard will be determined according to reasonable costs plus reasonable profits of services provided where there is no above standards. The management shall refer to at least two comparable transactions with independent third parties when determining reasonable profits of the relevant services under the General Services Agreement, not higher than 15% of the cost in principle, save as otherwise agreed in the specific agreement.

SECTION VI SIGNIFICANT EVENTS

Pursuant to General Services Agreement, HPG provides the following services to the Company: (1) Social Services: employee education, training, medical service, printing and other related or similar services; (2) Living services: property management services (including elevator maintenance, etc.) office rental, office supplies and other daily rental, water and heat supply, sanitation, greening and other related or similar services; and (3) Production Logistic Services: labor service, equipment manufacturing, survey and design, supervision, port construction, real estate development, project agent construction, port engineering maintenance and communication service, water supply, material supply and other related or similar services; The Company will provide the following services to HPG: port service, port electricity management, transportation service, software service, labor service, lease service, material supply service and other related or similar services. For details of the General Services Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2018-030) on the website of the Shanghai Stock Exchange on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Hong Kong Stock Exchange on 28 September 2018 published by QHD Port.

The Company provides services to HPG with the amount of the annual cap of RMB150,000,000, RMB158,000,000 and RMB166,000,000 in 2019, 2020, 2021 respectively; HPG provides services to the Company with the amount of the annual cap of RMB550,000,000, RMB578,000,000 and RMB607,000,000 in 2019, 2020, 2021 respectively.

In the first half of 2021, the Company provided services to HPG with an amount of RMB40,195,586.20; HPG provided services to the Company with an amount of RMB123,311,311.87.

Financial Services Framework Agreement

Considered and approved by the first extraordinary general meeting of 2018, on 28 September 2018, the Company entered into Financial Services Framework Agreement with HPG Finance, with effect from 1 January 2019 to 31 December 2021. Pursuant to Financial Services Framework Agreement, HPG Finance provides services to the Company, including deposit services, loan services, settlement services and settlement related auxiliary business, entrusted loan services, bill discount, guarantee services, financial and financing consultation services, credit verification services and relevant consultancy and agency services, and other financial services ("Other Financial Services") provided by financial companies according to applicable laws and regulations; Of which, the daily maximum balance of deposits and interest income for 2019, 2020, 2021 is RMB4 billion, RMB4.2 billion and RMB4 billion, and the daily maximum balance of loan and interest expenses for 2019, 2020, 2021 is RMB1 billion, and the total charges of Other Financial Services for 2019, 2020, 2021 is RMB90,000,000.

The price and charges of HPG Finance's services is required to be determined by consideration between two parties and comply with the following requirements:

1. Deposit services:

HPG Finance absorbs the interest rate of the Company's deposits, which shall be determined in compliance with the relevant requirements of the People's Bank of China, the benchmark deposit rate (if any) regularly issued by the People's Bank of China and determined interest rate when relevant commercial banks provide the same type of deposit services at the same period to HPG Finance and its subsidiaries and units as well as ordinary commercial items, and not lower than the deposit interest rate of same type when HPG and its subsidiaries and units (except for the Company) place the deposits in HPG Finance in the same period.

2. Loan services:

The loan interest rate provided to the Company by HPG Finance, shall be in compliance with the relevant requirements of the People's Bank of China and the benchmark loan rate (if any) regularly issued by the People's Bank of China and determined interest rate when relevant commercial banks provide the same type of loan services at the same period to HPG Finance and its subsidiaries and units as well as ordinary commercial items, and not higher than the loan interest rate of same type when HPG Finance grants the loan to HPG and its subsidiaries and units (except for the Company) in the same period.

SECTION VI SIGNIFICANT EVENTS

3. Other Financial Services:

3.1 Settlement Services: settlement services and settlement related auxiliary business (free of charges).

3.2 The fees charged by HPG Finance for the provision of discounted bills, entrusted loans, guarantee services, financial and financing consultation, credit verification grant and relevant consultancy and agency services as well as other financial services provided by HPG Finance in accordance with the applicable laws and regulations, shall be determined according to the following standards:

(1) the fees shall be in accordance with the relevant benchmark rates mandatorily determined by the PBOC or the CBRC (if any); and

(2) if there is no such provision, the service fees charged by HPG Finance for the provision of such financial services to the Company shall not be higher than those charged by the relevant domestic commercial banks for the provision of the same type of financial services to the Company in the same period, and shall not exceed those charged by HPG Finance for the provision of the same type of financial services to HPG and its subsidiaries and units (other than the Company) in the same period. The service fees shall be paid by the Company in one lump sum or by installment in accordance with specific circumstances. For details of the Financial Services Framework Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2018-030) on the website of the Shanghai Stock Exchange on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Hong Kong Stock Exchange on 28 September 2018 published by QHD Port.

As for the first half ended 30 June 2021, the maximum deposit balance of deposit service (namely maximum daily deposit and interest income balance) and the maximum amount of loan granted in respect of loan service (namely maximum daily loan and interest expense balance) at the actual transaction date were RMB3,643,556,327.82 and RMB909,900,000.00, respectively. In terms of other financial services, the actual transaction amount was RMB0.00.

3. Matters not disclosed in extraordinary announcements

Applicable Not applicable

(II) Related transactions in relation to acquisition or disposal of assets or equity

1. Matters disclosed in extraordinary announcements without further development or change in subsequent implementation

Applicable Not applicable

2. Matters disclosed in extraordinary announcements and with further development or change in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in extraordinary announcements

Applicable Not applicable

4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed

Applicable Not applicable

SECTION VI SIGNIFICANT EVENTS

(III) Major related transactions relating to joint external investments

1. Matters disclosed in extraordinary announcements without progress or change in the subsequent implementation
 Applicable Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation
 Applicable Not applicable
3. Matters which were not disclosed in extraordinary announcements
 Applicable Not applicable

(IV) Amounts due from/to related parties

1. Matters disclosed in extraordinary announcements without progress or change in the subsequent implementation
 Applicable Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation
 Applicable Not applicable

Caofeidian Coal Port, a subsidiary under the control of the Company, will carry out factoring business with Jigang Commercial Factoring (Tianjin) Co., Ltd., an indirect subsidiary under the control of Hebei Port Group Co., Ltd., the controlling shareholder of the Company, for a period of three years from the effective date of the Factoring Business Cooperation Framework Agreement signed by both parties. The annual factoring amount shall not exceed RMB300 million, which can be recycled. The financing rate shall not exceed 6% (finance interest + service fee). For details of this matter, please refer to the "Announcement on the Connected Transaction in relation to the Factoring Business to be Carried Out by a Holding Subsidiary" of QHD Port published on the Shanghai Stock Exchange on 29 August 2019 (Announcement No.: 2019-024).

In the first half of 2021, the daily maximum amount of factoring business between Caofeidian Coal Port and Jigang Commercial Factoring (Tianjin) Co., Ltd. was RMB80,000,000, with financing interest and handling fees totaling RMB250,400.

3. Matters not disclosed in extraordinary announcements
 Applicable Not applicable

SECTION VI SIGNIFICANT EVENTS

(V) Financial Business Between the Company and Related Financial Companies, the Company's Controlling Financial Companies and Related Parties

Applicable Not applicable

1. Deposit business

Applicable Not applicable

Unit: Yuan Currency:RMB

Related party	Relations with related party	Maximum daily deposit limit	Interest scope of deposit	Opening balance	Amount incurred	Closing balance
Hebei Port Group Finance Co., Ltd.	Controlling subsidiary of the parent	4,000,000,000.00	1.15%-3.45%	3,008,249,859.54	635,306,468.28	3,643,556,327.82
Total	/	4,000,000,000.00	/	3,008,249,859.54	635,306,468.28	3,643,556,327.82

2. Loan business

Applicable Not applicable

Unit: Yuan Currency:RMB

Related party	Relations with related party	Loan limitation	Interest scope of loan	Opening balance	Amount incurred	Closing balance
Hebei Port Group Finance Co., Ltd.	Controlling subsidiary of the parent	1,000,000,000.00	3.2%-4.9875%	789,000,000.00	118,900,000.00	907,900,000.00
Total	/	1,000,000,000.00	/	789,000,000.00	118,900,000.00	907,900,000.00

3. Credit business or other financial business

Applicable Not applicable

4. Other explanation

Applicable Not applicable

(VI) Other Material Related Transaction

Applicable Not applicable

(VII) Others

Applicable Not applicable

SECTION VI SIGNIFICANT EVENTS

XI. MATERIALS CONTRACTS AND THEIR EXECUTION

1. Trusteeship, contracting and leasing

Applicable Not applicable

2. Substantial guarantee performed or outstanding during the Reporting Period

Applicable Not applicable

3. Other material contracts

Applicable Not applicable

XII. EXPLANATION FOR OTHER SIGNIFICANT EVENTS

Applicable Not applicable

XIII. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, to the knowledge of the Directors of QHD Port, the Company has complied with the code provisions of the Corporate Governance Code without any deviation from such code provisions.

XIV. COMPLIANCE WITH MODEL CODE

During the Reporting Period, QHD Port has adopted the Model Code as the conduct code for securities transactions by the Directors and Supervisors of QHD Port to regulate the securities transactions of the Directors and Supervisors. Following specific enquiries made by all Directors and Supervisors, they have confirmed that they have fully complied with the required standards set out in the Model Code.

XV. USE OF PROCEEDS

The H Shares of the QHD Port have been listed and traded on the Hong Kong Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds from H shares of QHD Port amounted to HK\$3,823 million. The use of proceeds from H shares disclosed in the section "Future Plans and Use of Proceeds" in the Prospectus from the QHD Port's listing of H shares in December 2013 to nowadays (except for working capital and general corporate purposes) has been completed as planned, with the actual investment amount slightly more than the allocated amount set out in the Prospectus. In order to increase the efficiency of the use of proceeds from H shares, the Board of Directors of QHD Port considers that it is necessary to adjust the use of proceeds from H shares of the plan and has already made a resolution to approve the adjustment of the unused proceeds from H shares into working capital and general corporate purposes. The Board believes that the above all adjustments to the use of proceeds from H shares will increase the flexibility of the Company's financial management and reduce other financing costs as well as in line with the overall interests of the QHD Port and its Shareholders. For details, please refer to the announcement published on the websites of the Hong Kong Stock Exchange on 27 October 2017.

SECTION VI SIGNIFICANT EVENTS

- (1) As of 30 June 2021, HK\$3,842.3401 million of the proceeds from H shares have been used by the Company and HK\$16.8623 million of the proceeds from H shares remain unused, including the self-raised funds for the payment of the listing expenses of HK\$24.0174 million and the net interest income relating to the proceeds from the Global Offering of HK\$12.4292 million. The specific use of proceeds from H shares is as follows:

currency unit : ten thousand of Hong Kong dollars

No.	Use disclosed in the prospectus of H shares	Proceeds allocated as set out in the prospectus of H shares (a)	Amount of proceeds from fund raising (b)	Amount of proceeds not from fund raising (c)	Difference between the Actual Investment amount and the amount of proceeds allocated as set out in the prospectus of H shares (d=a-b-c)
1	Procurement of stackers for coal handling services in Qinhuangdao Port to replace aging equipment	5,124.00	–	5,124.00	–
2	Procurement of diesel locomotive	1,139.00	634.01	430.62	74.37
3	Construction of ore berths in Huanghua Port	244,408.18	232,534.70	–	11,873.48
4	Repayment of bank loans	94,003.14	102,580.18	–	-8,577.04
5	Working capital and general corporate purposes	37,601.26	48,485.12	–	-10,883.86
	Total	382,275.58	384,234.01	5,554.62	-7,513.05

Notes:

- the “Amount of proceeds from fund raising” annotated as column (b) in the table (totaling HK\$3,842.3401 million) represents the amount of proceeds from H shares actually used;
- the “Amount of proceeds not from fund raising” annotated as column (c) in the table (totaling HK\$55.5462 million) represents the amount paid (for the contents disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of H shares) with internal resources of the Company; and
- the “Difference between the actual amount of proceeds used and the amount of proceeds allocated as set out in the prospectus” annotated as column (d) in the table (totaling HK\$-75.1305 million) represents the difference between the actual amount allocated to the Intended Purposes (including amounts paid from the proceeds from H shares and amounts paid with the Company’s internal resources) and the expected investment amount of proceeds from H shares allocated to the Intended Purposes.

SECTION VI SIGNIFICANT EVENTS

(2) As of 30 June 2021, the balance of proceeds from the H shares of HK\$16.8623 million included the followings:

The difference between the actual amount of proceeds used and the amount of proceeds allocated as set out in the prospectus of H shares in the amount of HK\$-75.1305 million;

Amount of proceeds not from fund raising for the payment of the equipment in the investment projects in the amount of HK\$55.5462 million;

Self-raised funds for the payment of the listing expenses of HK\$24.0174 million and the net interest income relating to the proceeds in the amount of HK\$12.4292 million. The “self-raised funds for the payment of the listing expenses of HK\$24.0174 million” represents the amount paid with internal resources of QHD Port for the purpose of listing expenses; and the “net interest income relating to the proceeds in the amount of HK\$12.4292 million” represents the net interest income generated from the proceeds from H shares of QHD Port and kept in the designated bank account for the proceeds from H shares (the “Designated Account”).

The balance of proceeds from H shares of HK\$16.8623 million are expected to be used for the working capital and general corporate purposes of the Company in the next five years, including the payment of dividend to the shareholders of H Shares, if any, and the payment of relevant fees to the overseas intermediaries in relation to the listing of H Shares. “The balance of proceeds from H shares” shall represent the balance of proceeds from H shares kept in the Designated Account.

The Company would like to further explain how to reconcile the amount of HK\$-75.1305 million with the amount of HK\$16.8623 million (being the balance kept in the Designated Account): The amount of HK\$55.5462 million and the amount of HK\$24.0174 million were paid with the internal resources of the Company and not paid from the Designated Account. Together with the net interest income in the amount of HK\$12.4292 million arising from the proceeds from H shares, all such items and the amount of HK\$-75.1305 million had been aggregated to arrive at the amount of HK\$16.8623 million, being the balance kept in the Designated Account.

The Shares of the QHD Port have been listed and traded on the Shanghai Stock Exchange on 16 August 2017. For the Use of Proceeds of A Shares of the Company in the first half of 2021, please refer to the special item on the storage and actual use of raised funds in the first half of 2021 disclosed on the website of the Shanghai Stock Exchange on 28 August 2021.

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Table for changes in shares

During the Reporting Period, there were no changes in the total number of shares and share capital structure of the Company.

2. Explanation on the changes in shares

Applicable Not applicable

3. Impacts on financial indicators including earnings per share, net assets per share, etc. from changes in shares during the period from the end of the Reporting Period to the issuance of interim report (if any)

Applicable Not applicable

4. Other information on the disclosure of which is deemed necessary by the Company or is required by securities regulatory authorities

Applicable Not applicable

(II) Changes in shares subject to selling restrictions

Applicable Not applicable

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of Shareholders:

Total number of ordinary Shareholders as at the end of the Reporting Period (Person)

67,843

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

(II) Table of shareholding of the top 10 Shareholders and top 10 Shareholders with tradable shares (or Shareholders not subject to selling restrictions) as at the end of the Reporting Period

Unit: share

Shareholding of the top 10 Shareholders							
Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Amount	
HPG(河北港口集團有限公司)		3,032,528,078	54.27		Nil		State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Note}	-142,000	827,405,382	14.81		Unknown		Overseas legal person
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會)		621,455,485	11.12		Nil		Country
Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限公司)		209,866,757	3.76		Nil		State-owned legal person
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)		42,750,000	0.77		Nil		State-owned legal person
COSCO SHIPPING (Tianjin) Co., Ltd.(中遠海運(天津)有限公司)		41,437,588	0.74		Nil		State-owned legal person
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)		41,437,588	0.74		Nil		State-owned legal person
Li Guo (李國)		40,000,000	0.72		Nil		Domestic natural person
Shougang Group Co., Ltd. (首鋼集團有限公司)	-10,057,855	31,379,733	0.56		Nil		State-owned legal person
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)		30,538,764	0.55		Nil		Other

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of top 10 Shareholders not subject to selling restrictions			
Name of Shareholder	Number of tradable shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	3,032,528,078	RMB-denominated ordinary shares	3,032,528,078
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Note}	827,405,382	Overseas-listed foreign shares	827,405,382
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會)	621,455,485	RMB-denominated ordinary shares	621,455,485
Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限責任公司)	209,866,757	RMB-denominated ordinary shares	209,866,757
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	42,750,000	RMB-denominated ordinary shares	42,750,000
COSCO SHIPPING (Tianjin) Co., Ltd. (中遠海運(天津)有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Li Guo (李國)	40,000,000	RMB-denominated ordinary shares	40,000,000
Shougang Group Co., Ltd. (首鋼集團有限公司)	31,379,733	RMB-denominated ordinary shares	31,379,733
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)	30,538,764	RMB-denominated ordinary shares	30,538,764
Explanations on the repurchase of special accounts among the top ten shareholders	Not applicable		
Explanation of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights, and abstaining from voting	Not applicable		
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections among the aforesaid Shareholders, or whether they are parties acting in concert within the requirements of the Administrative Measures on Takeover of Listed Companies		
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not applicable		

Note: As at the end of the Reporting Period, HPG held 71,303,000 H Shares of QHD Port through HEBEI PORT GROUP International (Hong Kong) Co., Ltd., an overseas wholly-owned subsidiary, accounting for 1.28% of the total equity of QHD Port. Those shares are included in total shares held by HKSCC Nominees Limited.

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Number of Shares held by top 10 shareholders subject to selling restrictions and information on the selling restrictions

Applicable Not applicable

(III) Strategic investors or general legal persons became one of the top 10 Shareholders as a result of the placing of the new Shares

Applicable Not applicable

III. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES OF QHD PORT

As at 30 June 2021, so far as the Directors and Supervisors of QHD Port are aware, other than the Directors, Supervisors, the senior management of QHD Port and their respective associates, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by QHD Port pursuant to Section 336 of the SFO:

Name of Shareholders	Number of Shares held	Capacity	Class of Shares	Approximate percentage of the total number of relevant class of issued share capital of QHD Port	Approximate percentage to total issued share capital of QHD Port	Long position/short position
State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province	3,032,528,078 (Note 1)	Interest of controlled corporation	A Share	63.74%	54.27%	Long position
HPG	3,032,528,078	Beneficial owner	A Share	63.74%	54.27%	Long position
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	621,455,485	Beneficial owner	A Share	13.06%	11.12%	Long position
HPG	71,303,000 (Note 2)	Interest of controlled corporation	H Share	8.59%	1.28%	Long position
HEBEI PORT GROUP International (Hong Kong) Co., Ltd.	71,303,000 (Note 2)	Beneficial owner	H Share	8.59%	1.28%	Long position
China Shipping Group Company Limited	44,296,500 (Note 3)	Interest of controlled corporation	H Share	5.34%	0.79%	Long position
China Shipping (Hong Kong) Holdings Co., Limited	44,296,500 (Note 3)	Interest of controlled corporation	H Share	5.34%	0.79%	Long position
China Shipping Ports Development Co., Ltd.	44,296,500	Beneficial owner	H Share	5.34%	0.79%	Long position

Notes:

1. State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province is the controlling shareholder of HPG, and therefore, is deemed to be interested in 3,032,528,078 Shares of QHD Port under the SFO;
2. HPG, the controlling shareholder of HEBEI PORT GROUP International (Hong Kong) Co., Ltd., is deemed to be interested in 71,303,000 Shares of QHD Port under the SFO;
3. China Shipping Group Company Limited (the direct controlling shareholder of China Shipping (Hong Kong) Holdings Co., Limited) and China Shipping (Hong Kong) Holdings Co., Limited (the direct controlling shareholder of China Shipping Ports Development Co., Ltd.) were deemed to be interested in 44,296,500 Shares of QHD Port respectively under the SFO.

Save as disclosed above, as at 30 June 2021, so far as the Directors, supervisors and senior management of QHD Port are aware, no other persons or substantial Shareholders of the Company (as defined in the Hong Kong Listing Rules) had or deemed to have an interest or short position in the Shares or underlying Shares (as the case may be) of QHD Port which was required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV under the SFO.

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

IV. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF QHD PORT

The Company did not purchase, sell or redeem any of the listed securities of QHD Port during the Reporting Period.

V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Particulars of changes in shareholding of current and resigned Directors, Supervisors and senior management during the Reporting Period

Applicable Not applicable

Other descriptions

Applicable Not applicable

(II) Share incentives granted to Directors, Supervisors and senior management during the Reporting Period

Applicable Not applicable

(III) Directors', Supervisors' and Senior Management's interests and short positions in the Shares, underlying Shares and debentures of QHD Port and its associated corporations

Applicable Not applicable

As at 30 June 2021, as far as the Directors are aware, none of the Directors, Supervisors or chief executives of QHD Port and their respective associates had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of QHD Port and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by QHD Port under Section 352 of the SFO or which were required to be notified to QHD Port and the Stock Exchange pursuant to the Model Code.

VI. CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

Applicable Not applicable

SECTION VIII INFORMATION OF PREFERENCE SHARES

Applicable Not applicable

SECTION IX REVIEW REPORT

Ernst & Young Hua Ming (2021) Zhuan Zi No. 61063699_S05

Qinhuangdao Port Co., Ltd.

To the Shareholders of Qinhuangdao Port Co., Ltd.:

We have reviewed the accompanying interim financial statements of Qinhuangdao Port Co., Ltd. (the “Company”), which comprised the consolidated and Company’s balance sheets as at 30 June 2021, and the consolidated and Company’s income statements, and Company’s statements of changes in shareholders’ equity and Company’s cash flow statements for the six months then ended, and notes to the financial statements (hereinafter collectively referred to as the “Interim Financial Statements”). The preparation of the Interim Financial Statements in accordance with the Accounting Standards for Business Enterprises is the responsibility of the management of Qinhuangdao Port Co., Ltd.. Our responsibility is to deliver a report on review of these Interim Financial Statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No.2101-Review of Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatements. A review is limited primarily to procedures as enquiry of personnel of Qinhuangdao Port Co., Ltd.and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements of Qinhuangdao Port Co., Ltd. are not prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the Company’s financial position, operating performance and cash flows.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Wang Tianqing

Chinese Certified Public Accountant: Cheng Xianming

Beijing, PRC

27 August 2021

CONSOLIDATED BALANCE SHEET

30 June 2021

RMB

Assets	Note V	30 June 2021 (Unaudited)	31 December 2020
Current assets			
Cash and bank balances	1	4,321,774,188.74	3,554,825,387.07
Bills receivable	2	168,810,943.72	158,493,277.00
Accounts receivable	3	69,756,530.44	58,344,006.76
Prepayments		11,945,774.98	10,788,998.64
Other receivables	4	51,068,460.04	53,522,988.81
Inventories	5	183,764,882.62	162,844,612.15
Other current assets	6	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	7	3,248,012,141.96	3,052,665,906.74
Other equity investments	8	848,589,691.03	787,081,978.59
Fixed assets	9	12,914,031,002.84	13,398,156,815.24
Construction in progress	10	1,652,559,313.02	1,183,040,730.64
Right-of-use assets	11	118,437,409.42	124,582,460.65
Intangible assets	12	3,014,484,562.19	3,040,805,653.86
Long-term prepaid expenses	13	48,365,658.22	62,249,709.20
Deferred tax assets	14	379,108,560.99	396,819,306.19
Other non-current assets	15	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

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

30 June 2021

RMB

Liabilities and shareholders' equity	Note V	30 June 2021 (Unaudited)	31 December 2020
Current liabilities			
Short-term borrowings	16	400,380,277.76	322,940,547.75
Bills payable		200,000.00	3,169,300.00
Accounts payable	17	299,791,566.79	185,335,672.51
Contract liabilities	18	518,104,897.38	630,272,097.10
Employee benefits payable	19	798,611,783.09	705,159,894.73
Taxes payable	20	121,436,582.03	149,212,114.42
Other payables	21	1,146,413,581.56	674,477,406.66
Non-current liabilities due within one year	22	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	23	5,922,548,644.98	5,886,790,644.98
Lease liabilities	24	312,579.94	452,512.09
Long-term payable	25	88,000,000.00	138,000,000.00
Long-term employee benefits payable	26	386,319,022.88	500,298,437.92
Deferred income	27	190,734,925.49	207,520,518.95
Deferred tax liabilities	14	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	28	5,587,412,000.00	5,587,412,000.00
Capital reserve	29	5,207,670,068.40	5,207,670,068.40
Other comprehensive income	30	330,050,835.01	263,264,477.30
Special reserve	31	163,441,488.52	139,446,715.57
Surplus reserve	32	1,433,372,455.99	1,433,372,455.99
Retained profit	33	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

The financial statements have been signed by:

Legal representative: Cao Ziyu

Person in charge of business operation:
Yang Wensheng

Chief financial officer:
Cao Dong

Head of accounting department:
Zhao Liangjun

The accompanying notes form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

RMB

	Note V	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Revenue	34	3,247,726,857.34	2,995,402,079.12
Less: Operating costs	34	1,966,152,097.72	1,782,650,850.89
Tax and surcharges	35	142,009,657.29	172,526,083.16
Administrative expenses	36	315,101,737.50	305,437,657.13
Research and development costs	37	4,085,096.75	3,076,399.45
Financial costs	38	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	39	31,276,892.12	29,572,679.41
Investment income	40	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	41	(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	42	5,064,633.26	618,888.00
Less: Non-operating expenses	43	515,038.17	3,886,701.12
Total profit		850,561,086.19	711,245,216.34
Less: Income tax expenses	45	179,874,216.15	198,029,587.94
Net profit		670,686,870.04	513,215,628.40
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		698,850,420.51	575,741,812.29
Minority interests		(28,163,550.47)	(62,526,183.89)

The accompanying notes form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

RMB

	Note V	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	30	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 to 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	30	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	46		
Basic and diluted earnings per share		0.13	0.10

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

RMB

	For the six months ended 30 June 2021 (Unaudited)									
	Equity attributable to shareholders of the parent								Total shareholders' equity	
	Note V	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Sub-total		Minority interests
I. Current period's opening balance		5,587,412,000.00	5,207,670,068.40	263,264,477.30	139,446,715.57	1,433,372,455.99	2,585,014,785.35	15,216,180,502.61	883,246,509.60	16,099,427,012.21
II. Changes during the period										
(I) Total comprehensive income										
1. Net profit		-	-	-	-	-	698,850,420.51	698,850,420.51	(28,163,550.47)	670,686,870.04
2. Other comprehensive income		-	-	66,786,357.71	-	-	-	66,786,357.71	1,690,741.32	68,477,099.03
(II) Profit distribution										
1. Distribution to Shareholders	33	-	-	-	-	-	(357,594,368.00)	(357,594,368.00)	-	(357,594,368.00)
(III) Special reserve										
1. Accrual		-	-	-	33,262,892.11	-	-	33,262,892.11	1,784,198.66	35,047,090.77
2. Usage		-	-	-	(9,268,119.16)	-	-	(9,268,119.16)	(1,139,453.31)	(10,407,572.47)
III. Current period's closing balance		5,587,412,000.00	5,207,670,068.40	330,050,835.01	163,441,488.52	1,433,372,455.99	2,926,270,837.86	15,648,217,685.78	857,418,445.80	16,505,636,131.58

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

RMB

For the six months ended 30 June 2020 (Unaudited)									
	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Sub-total		
I. Current period's opening balance	5,587,412,000.00	5,207,544,792.61	181,333,327.86	108,030,468.84	1,334,346,000.28	2,191,776,305.79	14,610,442,895.38	977,838,902.09	15,588,281,797.47
II. Changes during the period									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	575,741,812.29	575,741,812.29	(62,526,183.89)	513,215,628.40
2. Other comprehensive income	-	-	37,459,047.93	-	-	-	37,459,047.93	2,809,297.17	40,268,345.10
(II) Profit distribution									
1. Distribution to Shareholders	-	-	-	-	-	(502,867,080.00)	(502,867,080.00)	-	(502,867,080.00)
(III) Special reserve									
1. Accrual	-	-	-	33,526,470.79	-	-	33,526,470.79	1,702,046.24	35,228,517.03
2. Usage	-	-	-	(10,168,954.81)	-	-	(10,168,954.81)	(288,202.21)	(10,457,157.02)
III. Current period's closing balance	5,587,412,000.00	5,207,544,792.61	218,792,375.79	131,387,984.82	1,334,346,000.28	2,264,651,038.08	14,744,134,191.58	919,535,859.40	15,663,670,050.98

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

RMB

	Note V	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		3,263,064,480.47	3,094,176,943.23
Cash received relating to other operating activities	47	50,008,725.74	23,550,181.47
Sub-total of cash inflows		3,313,073,206.21	3,117,727,124.70
Cash paid for goods and services		637,856,032.99	511,324,399.09
Cash paid to and on behalf of employees		884,914,192.16	820,670,776.65
Cash paid for all taxes		431,294,385.39	375,486,422.35
Cash paid relating to other operating activities	47	92,012,470.26	138,524,659.25
Sub-total of cash outflows		2,046,077,080.80	1,846,006,257.34
Net cash flows from operating activities	47	1,266,996,125.41	1,271,720,867.36
II. Cash flows from investing activities			
Cash received from return of investment		5,000,000.00	544,868,314.16
Cash received from investment income		22,560,000.00	16,396,562.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,525,254.38	1,913,562.86
Cash received relating to other investing activities	47	-	15,523,116.22
Sub-total of cash inflows		34,085,254.38	578,701,555.66
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		495,927,152.04	215,352,999.58
Cash paid for investments		1,079,800,000.00	958,068,314.16
Cash paid relating to other investing activities		2,390,960.59	-
Sub-total of cash outflows		1,578,118,112.63	1,173,421,313.74
Net cash flows from investing activities		(1,544,032,858.25)	(594,719,758.08)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

RMB

	Note V	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		548,000,000.00	213,014,322.00
Sub-total of cash inflows		548,000,000.00	213,014,322.00
Cash paid for repayments of borrowings		332,127,390.00	257,942,000.00
Cash paid for distribution of dividends or profits and for interest expenses		154,969,207.76	585,180,653.08
Cash paid relating to other financing activities	47	2,142,403.40	3,915,353.36
Sub-total of cash outflow		489,239,001.16	847,038,006.44
Net cash flows from financing activities		58,760,998.84	(634,023,684.44)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(575,464.33)	1,793,835.14
V. Net (decrease)/increase in cash and cash equivalents		(218,851,198.33)	44,771,259.98
Add: Balance of cash and cash equivalents at the beginning of the period		2,179,804,887.07	2,115,226,869.17
VI. Balance of cash and cash equivalents at the end of the period	48	1,960,953,688.74	2,159,998,129.15

The accompanying notes form part of these financial statements.

BALANCE SHEET

30 June 2021

RMB

Assets	Note XIII	30 June 2021 (Unaudited)	31 December 2020
Current assets			
Cash and bank balances		3,404,984,854.12	2,738,571,439.42
Bills receivable		53,995,378.00	52,400,000.00
Accounts receivable	1	41,464,064.68	35,570,306.50
Prepayments		2,795,299.90	46,199.51
Other receivables		2,331,075.65	2,307,435.68
Inventories		106,048,600.40	96,295,884.18
Other current assets		–	97,957.14
Total current assets		3,611,619,272.75	2,925,289,222.43
Non-current assets			
Long-term equity investments	2	9,661,297,364.46	9,536,031,497.43
Other equity investments	3	667,323,123.67	610,416,067.89
Fixed assets		3,629,368,359.77	3,735,232,302.42
Construction in progress		48,242,786.41	44,525,804.88
Right-of-use assets		3,885,183.73	7,770,367.12
Intangible assets		389,150,411.72	384,041,993.74
Deferred tax assets		344,987,312.85	361,558,041.16
Other non-current assets		57,045,334.52	63,281,821.08
Total non-current assets		14,801,299,877.13	14,742,857,895.72
Total assets		18,412,919,149.88	17,668,147,118.15

The accompanying notes form part of these financial statements.

BALANCE SHEET

30 June 2021

RMB

Liabilities and shareholders' equity	30 June 2021 (Unaudited)	31 December 2020
Current liabilities		
Bills payable	200,000.00	3,169,300.00
Accounts payable	169,090,175.21	73,043,808.03
Contract liabilities	376,747,298.19	465,909,707.56
Employee benefits payable	761,511,506.47	672,807,259.62
Taxes payable	107,318,993.21	105,113,307.53
Other payables	498,984,605.51	62,179,310.02
Non-current liabilities due within one year	107,107,235.98	108,928,594.79
Total current liabilities	2,020,959,814.57	1,491,151,287.55
Non-current liabilities		
Long-term payable	88,000,000.00	138,000,000.00
Long-term employee benefits payable	361,081,432.60	468,349,536.97
Deferred income	189,970,052.14	206,855,645.60
Deferred tax liabilities	20,142,691.43	5,915,927.48
Total non-current liabilities	659,194,176.17	819,121,110.05
Total liabilities	2,680,153,990.74	2,310,272,397.60
Shareholders' equity		
Share capital	5,587,412,000.00	5,587,412,000.00
Capital reserve	5,197,336,468.67	5,197,336,468.67
Other comprehensive income	315,436,939.75	249,923,606.31
Special reserve	126,991,059.35	109,240,784.35
Surplus reserve	1,433,234,111.22	1,433,234,111.22
Retained profit	3,072,354,580.15	2,780,727,750.00
Total shareholders' equity	15,732,765,159.14	15,357,874,720.55
Total liabilities and shareholders' equity	18,412,919,149.88	17,668,147,118.15

The accompanying notes form part of these financial statements.

INCOME STATEMENT

For the six months ended 30 June 2021

RMB

	Note XIII	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Revenue	4	2,186,177,487.86	2,010,896,286.99
Less: Operating costs	4	1,147,167,864.40	1,009,506,924.01
Tax and surcharges		89,259,466.60	102,176,996.58
Administrative expenses		261,014,017.44	250,871,677.05
Research and development costs		4,085,096.75	3,076,399.45
Financial costs		(24,914,118.70)	(12,540,275.45)
Including: Interest costs		169,586.30	1,856,127.86
Interest income		25,247,327.75	13,452,482.80
Add: Other income		30,614,628.50	28,420,558.72
Investment income	5	96,386,884.42	88,938,573.16
Including: Investment income from associates and joint ventures		96,386,884.42	88,938,573.16
Credit impairment loss		(601,155.50)	1,351,249.26
Operating profit		835,965,518.79	776,514,946.49
Add: Non-operating income		4,925,696.40	424,697.40
Less: Non-operating expenses		351,492.42	3,153,181.51
Total profit		840,539,722.77	773,786,462.38
Less: Income tax expenses		191,318,524.62	178,617,022.03
Net profit		649,221,198.15	595,169,440.35
Including: Net profit from continuing operations		649,221,198.15	595,169,440.35
Other comprehensive income, net of tax		65,513,333.44	33,641,758.16
Other comprehensive income not to be reclassified to profit or loss			
Changes in fair value of investments in other equity instruments		42,680,291.83	12,756,457.09
Other comprehensive income not to be taken to profit or loss using the equity method		22,833,041.61	21,329,842.60
Those other comprehensive income to be reclassified to profit or loss			
Other comprehensive income to be taken to profit or loss using the equity method		-	(444,541.53)
Total comprehensive income		714,734,531.59	628,811,198.51

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

RMB

	For the six months ended 30 June 2021 (Unaudited)						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Current period's opening balance	5,587,412,000.00	5,197,336,468.67	249,923,606.31	109,240,784.35	1,433,234,111.22	2,780,727,750.00	15,357,874,720.55
II. Changes during the period							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	649,221,198.15	649,221,198.15
2. Other comprehensive income	-	-	65,513,333.44	-	-	-	65,513,333.44
(II) Profit distribution							
1. Distribution to shareholders	-	-	-	-	-	(357,594,368.00)	(357,594,368.00)
(III) Special reserve							
1. Accrual	-	-	-	24,196,496.88	-	-	24,196,496.88
2. Usage	-	-	-	(6,446,221.88)	-	-	(6,446,221.88)
III. Current period's closing balance	5,587,412,000.00	5,197,336,468.67	315,436,939.75	126,991,059.35	1,433,234,111.22	3,072,354,580.15	15,732,765,159.14

	For the six months ended 30 June 2020 (Unaudited)						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Current period's opening balance	5,587,412,000.00	5,197,336,468.67	165,610,885.84	82,639,037.09	1,334,207,655.51	2,392,356,728.63	14,759,562,775.74
II. Changes during the period							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	595,169,440.35	595,169,440.35
2. Other comprehensive income	-	-	33,641,758.16	-	-	-	33,641,758.16
(II) Profit distribution							
1. Distribution to shareholders	-	-	-	-	-	(502,867,080.00)	(502,867,080.00)
(III) Special reserve							
1. Accrual	-	-	-	26,269,027.88	-	-	26,269,027.88
2. Usage	-	-	-	(7,699,763.31)	-	-	(7,699,763.31)
III. Current period's closing balance	5,587,412,000.00	5,197,336,468.67	199,252,644.00	101,208,301.66	1,334,207,655.51	2,484,659,088.98	14,904,076,158.82

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,184,336,651.16	2,082,388,082.75
Cash received relating to other operating activities	44,614,445.49	18,305,438.55
Sub-total of cash inflows	2,228,951,096.65	2,100,693,521.30
Cash paid for goods and services	320,340,100.80	287,988,065.71
Cash paid to and on behalf of employees	759,435,039.69	704,050,600.40
Cash paid for all taxes	339,610,610.98	288,761,765.94
Cash paid relating to other operating activities	72,362,257.45	96,457,925.77
Sub-total of cash outflows	1,491,748,008.92	1,377,258,357.82
Net cash flows from operating activities	737,203,087.73	723,435,163.48
II. Cash flows from investing activities		
Cash received from return of investment	-	489,568,314.16
Cash received from investment income	13,200,000.00	10,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,271,953.56	713,956.03
Sub-total of cash inflows	15,471,953.56	500,282,270.19
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	60,931,877.86	57,136,422.51
Cash paid for investments	867,000,000.00	739,568,314.16
Sub-total of cash outflows	927,931,877.86	796,704,736.67
Net cash flows from investing activities	(912,459,924.30)	(296,422,466.48)
III. Cash flows from financing activities		
Cash paid for repayments of borrowings	-	10,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	751.08	429,774,950.28
Cash paid relating to other financing activities	2,170,571.75	3,915,353.36
Sub-total of cash outflow	2,171,322.83	443,690,303.64
Net cash flows from financing activities	(2,171,322.83)	(443,690,303.64)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(158,425.90)	1,091,532.15
V. Net decrease in cash and cash equivalents	(177,586,585.30)	(15,586,074.49)
Add: Balance of cash and cash equivalents at the beginning of the period	1,582,571,439.42	1,433,401,202.52
VI. Balance of cash and cash equivalents at the end of the period	1,404,984,854.12	1,417,815,128.03

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. (the “Company”) is a joint stock company with limited liability incorporated in Hebei Province, the People’s Republic of China on 31 March 2008. The H shares 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.

These financial statements have been approved by the board of directors of the Company by 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 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. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group adopts specific accounting policies and accounting estimates according to the actual production and management features, which include provision for bad debt of receivables, provision for fixed assets depreciation, intangible assets amortization, and recognition and measurement of revenue.

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 30 June 2021 and their financial performance and cash flows for the six months ended 30 June 2021.

2. Accounting Period

The accounting year for the Group is from 1 January to 31 December of each calendar year, except for that the accounting period of the interim financial statements is from 1 January to 30 June.

3. Functional Currency

The Group’s reporting and presentation currency is Renminbi (“RMB”). Unless otherwise stated, the unit of the currency is RMB yuan.

The reporting currencies of the subsidiaries of the Group operating overseas are subject to their respective principal economic environment, and will be denominated in RMB for the preparation of the financial statements.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business Combinations

Business combinations are classified into business combinations under common control and business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the merging party, while that other entity participating in the combination is the merged party. The combination date is the date on which the merging party effectively obtains control of the merged party.

Assets and liabilities (including goodwill arising from the acquisition of the merged party by the ultimate controller) that are obtained by the merging party in a business combination under common control shall be accounted for based on their carrying amounts in the financial statements of the ultimate controller at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued) by the merging party shall be adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and fair value of equity interest in the acquiree held before the acquisition date exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and fair value of equity interest in the acquiree held before the acquisition date is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, reassessment of the measurement of these items is conducted first, if the sum of the fair value of this consideration and other items mentioned above is still lower than the fair value of the net assets acquired, the difference is recognized in profit or loss for the current period.

5. Consolidated Financial Statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company for the six months ended 30 June 2021 and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company.

In preparation of consolidated financial statements, the subsidiaries use the same accounting year and accounting policies as those of the Company. All assets, liabilities, interests, income, fees and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against minority interests.

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing consolidated financial statements, adjustments shall be made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities determined at the acquisition date.

For subsidiaries acquired through a business combination under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination year. In preparing and comparing consolidated financial statements, adjustments shall be made to related items of prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

Where change in relevant facts and conditions lead to the change in one or more control elements, the Group will reevaluate its control over the investee.

Change in non-controlling interests that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Classifications of Joint Arrangement and Joint Operations

Joint arrangement is classified as joint operations and joint ventures. Joint operation refers the joint arrangement where the joint venture parties are entitled to the underlying assets of the relevant arrangement and assume liabilities of the joint arrangements. Joint venture refers the joint arrangement where the joint venture party is only entitled to the right of the net assets of the arrangements.

The joint venture parties recognize in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses, including its share of any expenses incurred jointly.

7. Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand for payment purposes. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign Currency Transactions and Translation of the Financial Statements Prepared in Foreign Currencies

The Group translates the amounts of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded on initial recognition, in their functional currencies, by applying to the foreign currency amounts at the spot exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss for the current period, except for those relating to foreign currency borrowings specifically for acquisition and construction of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing at the date on which the fair values are determined. The exchange differences thus resulted are recognized in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

For foreign operations, the Group translates all amounts of functional currencies into RMB for the preparation of the financial statements. For assets and liabilities in the balance sheet, spot exchange rates at the balance sheet date are used for translation, while, for shareholder's equity, spot exchange rates prevailing on the transaction dates are adopted for items other than "retained profits". For items of income and expenses in the income statement, average exchange rates for the period during which the transactions occur are adopted. Translation differences of functional currencies resulting from the translations mentioned above are recognized as other comprehensive income. For the disposal of foreign operations, other comprehensive incomes relating to foreign operations transfer to profit or loss for the current period for disposal, subject to the ratio of disposal.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognizes and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognized and derecognized on the transaction date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period as specified by regulations or conventions in the marketplace. Transaction date is the date that the Group commits to purchase or sell the asset.

Classification and Measurement of Financial Assets

The financial assets of the Group are classified at the initial recognition based on the business model of the Group's corporate management financial assets and the contractual cash flow characteristics of the financial assets: financial assets measured at fair value through profit or loss (FVTPL), financial assets measured at amortized cost, and financial assets measured at fair value through other comprehensive income (FVTOCI). Financial assets are measured at fair value at the initial recognition. However, if the accounts receivable or bills receivable arising from the sale of goods or provision of services do not contain significant financing components or do not take into account financing components not exceeding one year, initial measurement shall be made based on the transaction price.

In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Classification and Measurement of Financial Assets (Continued)

The subsequent measurement of financial assets depends on its category as follows:

Debt Instrument Investment Measured at Amortized Cost

Financial assets are classified as financial assets measured at amortized cost if they meet the following conditions: the business model for managing the financial assets is targeted at collecting contractual cash flows; the contractual terms of the financial assets stipulate that cash flows in specific dates are solely for the payments of the principals and interests incurred from the outstanding principals. Such financial assets are recognized as interest income using the effective interest rate method. The gains or losses arising from the derecognition, modification or impairment are recognized in profit or loss for the period. Such financial assets mainly include cash and bank balances, bills receivable, accounts receivable and other receivables.

Debt instrument investment at fair value through other comprehensive income

Financial assets are classified as financial assets measured at fair value through other comprehensive income if they meet the following conditions: The Group's business model for managing the financial assets is targeted at both the collection of contractual cash flows and the sale of financial assets; the contractual terms of the financial assets stipulate that cash flows in specific dates are solely for the payments of the principals and interests incurred from the outstanding principals. Such financial assets are recognized as interest income using the effective interest rate method. Except for interest income, impairment losses and exchange differences which are recognized in profit or loss for the period, other changes in fair value are included in other comprehensive income. When the financial assets are derecognized, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. Such financial assets are presented as other debt investments. Other debt investments due within one year from the balance sheet date are presented as non-current assets due within one year, and other debt investments with the original maturity within one year are presented as other current assets.

Equity instrument investment at fair value through other comprehensive income

The Group irrevocably chooses to designate certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income, and only the relevant dividend income (except for dividend income recovered as part of investment cost) is included in the profit or loss for the period. Subsequent changes in fair value are included in other comprehensive income, and no impairment provision is required. When the financial assets are derecognized, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. Such financial assets are presented as investments in other equity instruments.

Financial assets are classified as held-for-trading financial assets if they meet one of the following conditions: the purpose of obtaining the relevant financial asset is mainly for the sale or repurchase in the near future; they are part of a portfolio of identifiable financial instruments that are centrally managed, and there is objective evidence that the company has recently adopted short-term profit-making mode; they are derivatives, except for derivatives that are designated as effective hedging instruments and derivatives that qualify for financial guarantee contracts.

Financial assets measured at fair value through profit or loss

Financial assets other than the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognized in profit or loss for the period. Such financial assets are presented as held-for-trading financial assets, and financial assets that are due more than one year from the balance sheet date and are expected to be held for more than one year are presented as other non-current financial assets.

All affected financial assets are reclassified, if and only if the Group changes its business model for managing financial assets.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into the following categories: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the amount initially recognized.

The subsequent measurement of financial liabilities depends on its category as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held-for-trading financial liabilities if they meet one of the following conditions: the purpose of bearing the relevant financial liability is mainly for the sale or repurchase in the near future; they are part of a portfolio of identifiable financial instruments that are centrally managed, and there is objective evidence that the company has recently adopted short-term profit-making mode; they are derivatives, except for derivatives that are designated as effective hedging instruments and derivatives that qualify for financial guarantee contracts. Held-for-trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, except for hedge accounting, all changes in fair value are recognized in profit or loss for the period.

Other financial liabilities

For such financial liabilities, the actual interest rate method is adopted and the subsequent measurement is carried out according to the amortized cost.

Financial instrument impairment

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets and contract assets measured at amortized cost, and confirms the loss provision.

Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Group at the original effective interest rate, that is, the present value of all cash shortages. Among them, financial assets that have been credit-depleted by the Group or purchased by the Group shall be discounted according to the actual interest rate adjusted by the financial assets.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Financial instrument impairment (Continued)

For receivables that do not contain significant financing components and contractual assets, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

For receivables with significant financing components and contractual assets, the Group uses a simplified measurement method to measure loss provisions based on the amount of expected credit losses equivalent to the entire duration of the life.

In addition to the financial assets described above using the simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date, if the credit risk has not increased significantly since the initial recognition, it is at the first stage, and the Group measures loss allowance according to the amount of expected credit loss in the next 12 months, and calculates the interest income according to the book balance and the actual interest rate; if the credit risk has increased significantly since the initial recognition, but no credit impairment occurs, it is at the second stage, and the Group measures loss allowance at the full lifetime expected credit loss, and calculates the interest income according to the book balance and the actual interest rate; if the credit impairment occurs after the initial recognition, it is at the third stage, and the Group measures loss allowance at the full lifetime expected credit loss, and calculates the interest income according to the amortized cost and the actual interest rate. For financial instruments with relatively low credit risk only on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

The Group assesses the expected credit losses of financial instruments based on individual items and portfolios. The Group assesses the expected credit losses of the receivables based on the combination of aging, taking into account the credit risk characteristics of different customers.

In assessing expected credit losses, the Group considers reasonable and evidenced information about past events, current conditions and future economic forecasts.

The Group's criteria for judging the significant increase in credit risk, the definition of assets with credit impairment, and the assumption of expected credit loss measurement are disclosed in Note VII. 3.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied: the Group has a legal right to set off the recognized amounts and the legal right is currently enforceable; the Group intends either to settle on a net basis, or to realize the financial assets and settle the financial liabilities simultaneously.

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: if the Group has not retained control, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

When the entity's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of the carrying amount of the asset and finance guarantee amount. The finance guarantee amount refers to the maximum amount of the consideration received that the entity could be required to repay.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Inventories

Inventories include raw materials, fuels, spare parts, low-cost consumables, finished goods.

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Low-cost consumables and spare parts are amortized by using one-off amortization method.

The Group adopts perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realizable value higher than their carrying amount, the amount of the write-down is reversed to the extent of the amount of the provision for the inventories and is recognized in profit or loss for the current period.

Net realizable value is the estimated selling price in the ordinary course of business deducted by the estimated costs to completion, the estimated selling expenses and the related taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

11. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained profits). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held prior to the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognized under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to retained profits upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as investments in other equity instruments shall be transferred in full to retained profits upon the change to cost accounting. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost accounting method in the Company's financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term Equity Investments (Continued)

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or reduction of investments, the cost of long-term equity investments is adjusted. Cash dividends or profits declared to be distributed by the investee should be recognized as investment income in the current period.

The equity method is adopted in accounting for long-term equity investments when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making in the financial and operating policies of the investee but is not the power to control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, such excess is included in the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognizes its share of the investee's net profits or losses, except that the assets invested or disposed of constitute a business, after making appropriate adjustments to the investee's net profits based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investor according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognized in full). The carrying amount of the long-term equity investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group shall discontinue recognizing its share of the losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in shareholders' equity of the investees (other than the net profits or losses, other comprehensive income and profit allocation of the investee), and includes the corresponding adjustment in equity.

On disposal of the long-term equity investments, the difference between book value and actual proceeds received is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued for disposal, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred in full to current profit and loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to current profit and loss on a pro-rata basis. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss on a pro-rata basis.

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For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Fixed Assets

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditures shall be recognized in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any other directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual value ratio and annual depreciation rate of fixed assets are as follows:

	Useful life	Estimated net residual value ratio	Annual depreciation rate
Buildings	20 – 35 years	3%	2.77 – 4.85%
Terminal facilities	20 – 30 years	3%	3.23 – 4.85%
Machinery and equipment	6 – 20 years	3%	4.85 - 16.17%
Vessels and transportation equipment	6 – 10 years	3%	9.70 - 16.17%
Office and other equipment	6 years	3%	16.17%

Where individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and makes adjustments if necessary.

13. Construction in Progress

Construction in progress is recognized based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalized borrowing costs on related borrowed funds before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets or intangible assets when the asset is ready for its intended use.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Borrowing Costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowings. Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized. Other borrowing costs are recognized in profit or loss for the current period. Assets qualifying for capitalization refer to fixed assets necessarily taking a substantial period of time for acquisition or construction to get ready for their intended use.

The capitalization of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred;
- (3) activities relating to the acquisition or construction of the asset that are necessary to prepare the asset for its intended use have commenced.

Capitalization of borrowing costs ceases when the qualifying asset being acquired or constructed becomes ready for its intended use. Any borrowing costs subsequently incurred are recognized in profit or loss for the current period.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any temporary interest earned from deposits or investment income;
- (2) where funds are borrowed for a general purpose, the amount of interest to be capitalized is determined by multiplying the weighted average of the excess amounts of accumulated expenditure on asset over the expenditure of specific-purpose borrowings by the weighted average interest rate.

Capitalization of borrowing costs is suspended when the acquisition or construction of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use, while the interruption lasts for more than three consecutive months. Borrowing costs incurred during these periods are recognized as expenses in profit or loss for the current period until the acquisition or construction is resumed.

15. Right-of-use Assets

Right-of-use assets of the Group mainly comprise properties and buildings, terminal facilities and machinery and equipment.

On the commencement date of the lease term, the Group recognizes its right to use the leased asset over the lease term as the right-of-use asset, including: the initial measurement amount of the lease liability; the payment on or before the commencement date of the lease term. The amount of the lease payment, if there is a lease incentive, deducting the relevant amount of the lease incentives already enjoyed; the initial direct expenses incurred by the lessee; the cost expected to be incurred by the lessee to dismantle and remove the leased assets, restore the site where the leased assets are located at or recover the leased assets to the status as agreed in the lease terms. The Group's subsequent years of averaging method is used to depreciate the right-of-use assets. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group will depreciate the remaining useful life of the leased asset. If it is not reasonable to determine that the leasehold asset can be acquired at the expiration of the lease term, the Group depreciates during the shorter period between the lease term and the remaining useful life of the leased asset.

When the Group re-measures the lease liability based on the present value of the changed lease payments and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Group accounts for the remaining amount in the current profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Intangible Assets

An intangible asset shall be recognized only when its related economic benefits will probably flow to the Group and its costs can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination not under common control with a fair value that can be measured reliably are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is estimated to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when the period over which the asset is estimated to generate economic benefits for the Group is uncertain.

The useful lives of the intangible assets are as follows:

	Useful lives
Land use rights	40-50 years
Sea area use rights	50 years
Software	5-10 years

The Group accounts for its land use rights and sea area use rights as intangible assets. For buildings such as plants that are developed and constructed by the Group, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

Intangible assets with finite useful lives are amortized over the useful lives on the straight-line basis. The Group reviews the useful lives and the amortization method of intangible assets with finite useful lives, and adjusts if appropriate, at least at the end of each year.

The Group classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase of an internal research and development project is recognized in profit or loss for the period in which it is incurred. Expenditure on the development phase is capitalized when the Group can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits, including that the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, that if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development phase. Expenditure on the development phase that does not meet the above criteria is recognized in profit or loss for the current period in which it is incurred.

17. Asset Impairment

The impairment of an asset other than inventories, deferred income tax and financial assets is determined as follows:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group will estimate the recoverable amount of the asset and perform test for impairment. Goodwill arising from a business combination is tested for impairment at least at the end of each year, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less disposal costs and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent from cash inflows of other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is recognized in profit or loss for the current period and a provision for impairment loss of the asset is recognized accordingly.

Once the above asset impairment loss is recognized, it cannot be reversed in the subsequent accounting periods.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Long-term Prepaid Expenses

Long-term prepaid expenses are expenses which have incurred but shall be amortised over the current period and subsequent periods of more than one year. Long-term prepaid expenses are amortised evenly over the estimated benefit period.

19. Employee Benefits

Employee benefits are all forms of considerations given by the Group in exchange for services rendered by its employees or for the termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to employees' spouse, children, dependents, families of deceased employees and other beneficiaries also belong to employee benefits.

Short-term employee benefits

In the accounting period which services are rendered by the employees, short-term employee benefits are actually recognized as liabilities and charged to profit or loss or related costs of assets for the current period.

Post-employment benefits (defined contribution plans)

Employees of the Group participate in the endowment insurance and unemployment insurance plans managed by local governments as well as enterprise annuity, and the relevant expenditure is recognized, when incurred, in the cost of relevant asset or profit or loss for the current period.

Termination benefits

Where the Group provides termination benefits to its employees, the employee remuneration liabilities arising from termination benefits are recognized in profit or loss for the current period upon the occurrence of the earlier of the following: termination benefits provided as a result of termination of employment plan or downsizing proposal cannot be unilaterally withdrawn by an entity; or reorganization-related costs or expenses involving payment of termination benefits are recognized by an entity.

Other long-term employee benefits

Other long-term benefits provided to the employees are net debt liabilities or net assets of other long-term employee benefits recognized or measured according to the requirements applicable to post-employment benefits. Changes arising from the measurement will be recognized in profit or loss or cost of relevant assets for the current period.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Lease Liabilities

On the commencement date of the lease term, the Group recognizes the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognizes it in profit or loss for the current period, unless otherwise specified in the cost of relevant asset. The variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss when incurred, unless otherwise specified in the cost of relevant asset.

After the commencement date of the lease period, when the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, or the evaluation results or actual exercise of rights of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

21. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognizes an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

22. Revenue from Contracts with Customers

The revenue is recognized when the Group has fulfilled its performance obligations in the contract, that is, the customer obtains control of the relevant goods or services. Obtaining control of the relevant goods or services means being able to dominate the use of the good or the provision of the service and obtains substantially all of its economic benefits.

Contracts for the sales of goods

The contract for the sale of goods between the Group and the customers usually includes performance obligations of transferring the goods. The Group generally recognizes revenue at a point of time when the customer obtains the control of the relevant goods based on the following factors. This includes obtaining the current collection rights of the goods, the transfer of the main risks and rewards of the ownership of the goods, the transfer of the legal ownership of the goods, the transfer of the physical assets of the goods, and the acceptance of the goods by the customer.

Contracts for the provision of service

The service contract between the Group and the customers usually includes performance obligations such as port operations services. The Group conducts an analysis based on the terms of the contract and the substance of the transaction. The comprehensive judgment service is performed within a certain period of time or at a certain point of time. For the performance obligations to be fulfilled within a certain period of time, the Group recognizes the revenue based on the progress of the performance, except for the progress of the performance that cannot be reasonably determined. The Group determines the progress of the performance of the services provided in accordance with the input method. For the progress of the performance that cannot be reasonably determined, when the costs incurred by the Group are expected to be compensated, the revenue is recognized based on the amount of costs incurred until the progress of the performance can be reasonably determined. For performance obligations performed at a certain point of time, the Group recognizes the revenue when the customer obtains relative control right of the service.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Contract Assets and Contract Liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and customer payments. The Group will offset the contract assets and contract liabilities under the same contract and present them on a net basis.

Contract assets

A contract asset represents the right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional.

Contract liabilities

The Group's obligation to transfer goods to customers for consideration received or receivable from customers is presented as contract liabilities, such as payments received by the enterprise prior to the transfer of the promised goods.

The Group will offset the contract assets and contract liabilities under the same contract and present them on a net basis.

24. Government Grants

Government grants are recognized when all respective conditions will be complied with and the grant will be received. The government grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably determined, it should be measured at nominal value.

In accordance with the stipulations of the government documents, government grants applied towards acquisition or construction or the formation of long-term assets in other manners are asset-related government grants. Those unspecified in the documents refer to the exercise of judgement based on the basic conditions for receiving the asset related grant applied towards acquisition or construction or the formation of long-term assets in other manners. All other grants are recognized as income-related government grants.

Government grants relating to income which are used to compensate relevant cost expenses or losses in subsequent periods are recognized as deferred income and are accounted in profit and loss in the current period where relevant cost expenses or losses are recognized; those used to compensate relevant cost expenses or losses in the current period are directly accounted in profit and loss in the current period.

Government grants relating to assets are recognized in deferred income and accounted in profit or loss in stages in a reasonable and systematic method during the service lives of the relevant assets (however, those measured in nominal values shall be recorded in profit and loss in the current period). Where the relevant assets are sold, transferred, scrapped or damaged before the end of their service lives, the unallocated balance of related deferred income shall be transferred to the profit or loss of the period where the relevant assets are disposed.

25. Income Tax

Income tax comprises current and deferred income tax. Income tax is recognized as an expense or income in profit or loss for the current period, or otherwise recognized directly in shareholders' equity if it arises from goodwill on a business combination or relates to a transaction or event which is recognized directly in shareholders' equity.

The Group measures a current tax liability or asset arising from the current and prior periods based on the amount of income tax estimated to be paid or returned and calculated in accordance with the requirements of relevant tax laws.

The Group recognizes deferred tax based on temporary differences using balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying amounts and tax bases of items not recognized as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Income Tax (Continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred income tax asset is recognized for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilized, except:

- (1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss;
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred income tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilized in the future.

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is recovered or the liability is settled, according to the requirements of tax laws. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred income tax assets is reviewed at the balance sheet date and reduced to the extent that taxable profit is no longer sufficient in future periods to allow the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

When all of the following conditions are satisfied simultaneously, the deferred income tax assets and deferred income tax liabilities are listed as the net amount after offsetting: the Group have a legal right to settle current tax assets and liabilities on a net basis; the deferred taxes are related to the same tax payer within the Group and the same taxation authority, or related to different tax payers but during the period when each of the significant deferred income tax assets and deferred income tax liabilities are reversed and the tax payer involved intends to settle the current income tax asset and current income tax liability on a net basis, or simultaneously obtain assets and pay off the debts.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases

Identification of leases

On the contract start date, the Group assesses whether the contract is a lease or includes a lease. If one of the parties transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is leased or included lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to almost all of the economic benefits arising from the use of the identified assets during the period of use and have the right to leading the use of identified assets during this period of use.

Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met:

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

Assessment of leasing period

The lease term is the period during which the Group has the right to use the leased asset and is irrevocable. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease, and it is reasonable to determine that the option will be exercised. The lease term also includes the period covered by the option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset, but it is reasonable to determine that the option will not be exercised. The lease term includes the period covered by the termination of the lease option. In the event of a major event or change within the Group's controllable range, and affecting whether the Group reasonably determines that the option will be exercised, the Group determines whether it will reasonably exercise the option to renew the lease, purchase option or terminate the lease option.

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

As a lessee

For the general accounting treatment of the Group as a lessee, refer to Note III. 15 and Note III. 20

Lease changes

The lease change including change of lease scope, lease consideration, and lease term change outside the original contract terms, including the increase or termination of the use rights of one or more leased assets, and the extension or shortening of the lease period stipulated in the contract.

If the lease changes and meets the following conditions, the Group will account for the lease change as a separate lease:

- (1) The lease change expands the lease by increasing the right to use one or more leased assets;
- (2) The increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Group re-determines the lease term on the effective date of the lease change and discounts the changed lease payments using the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the Group adopts the lease interest rate of the remaining lease period as the discount rate; if the lease interest rate of the remaining lease period cannot be determined, the Group's incremental increase will be made on the effective date of the lease change.

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following cases for accounting treatment:

- (1) If the lease change results in a narrower lease or a shorter lease term, the Group reduces the book value of the right-of-use asset to reflect the termination or complete termination of the lease. The Group recognizes the related gains or losses that partially terminate or completely terminate the leases into the current profits and losses;
- (2) For other lease changes, the Group adjusts the book value of the right-of-use assets accordingly.

Short-term lease and Low value asset leasing

The Group will be on the commencement date of the lease term, the lease term is not more than 12 months, and the lease that does not include the purchase option is recognized as a short-term lease; the lease with a lower value when the single leased asset is a new asset is recognized as a low value. If the Group subleases or expects to sublease the leased assets, the original lease is not recognized as a low value asset lease. The Group does not recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases, which is included in the related asset cost or current profit or loss on a straight-line basis over the lease term.

As a lessor

Leases that transfer substantially all of the risks and rewards associated with the ownership of the leased asset on the lease start date are finance leases, and all other leases are operating leases.

As an operating lease lessor

Rental income from operating leases is recognized on a straight-line basis over the lease term in profit or loss.

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Discontinued Operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and can be distinguished from other components within the Group:

- (1) the component represents a separate major line of business or an individual geographical area of operations;
- (2) is part of a single coordinated plan to disposal of a separate major line of business or an individual geographical area of operations;
- (3) is a subsidiary acquired exclusively for the purpose of resale

28. Profit Distribution

Cash dividend of the Company is recognized as a liability upon being approved at the shareholders' general meeting.

29. Production Safety Expenses

Production safety expenses appropriated pursuant to the related regulations is recognized in the cost of the relevant products or in profit or loss for the current period, and also in the specialized reserve. The cost shall be handled according to whether a fixed asset is formed. The cost incurred through expenditure will be reduced directly from the specialized reserve. The cost incurred for a fixed asset shall be pooled and recognized as a fixed asset when it reaches the working condition for its intended use; meanwhile an equivalent amount shall be deducted from the specialized reserve and recognized as accumulated depreciation.

30. Fair Value Measurement

The Group measures its financial assets held for trading and non-listed equity instrument investment at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of the related assets and liabilities at fair value is based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market is accessible by the Group as at the measurement date. The Group uses the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other supporting information are available to measure fair value, giving priority to the use of relevant observable inputs, and using unobservable inputs only when observable inputs are unavailable or not feasible to obtain.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date; Level 2 -based on observable input, either directly or indirectly, of relevant assets or liabilities other than level 1 inputs; Level 3 – based on unobservable input of relevant assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at each balance sheet date.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgment

During the application of the Group's accounting policies, the management made the following judgments that had a significant impact on the amounts recognized in the financial statements:

The business model

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When judging the business model, the Group considers taking into account the way in which financial asset performance is evaluated by company and reported to key managers, the risks affecting financial asset performance, and how they are managed, and the way in which the relevant business managers receive compensation. In assessing whether to target contractual cash flow, the Group needs to analyze and judge the reasons, time, frequency and value of the sale of the financial asset before its maturity date.

The contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal, the correction of the time value of the currency is included. In the assessment, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and for the financial assets including the prepayment characteristics, it is necessary to judge whether the fair value of the early repayment characteristics is very small.

Whether a contract is or contains a lease

The Group entered into a lease agreement relating to the assets for office buildings and vehicles. In the opinion of the Group, according to the lease agreement, suppliers of the assets have substantial replacement rights for office buildings and vehicles. The lease agreement did not grant the rights to change the usage purpose of the assets and the way of use to the Group, and did not grant the group to operate the assets on its own or in a manner that is determined by the Group. The Group also did not participate in the design of the assets, accordingly the lease agreement includes not the lease, which the Group considers to accept the service.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Significant Accounting Judgments and Estimates (Continued)

Uncertainty of estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may cause a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are discussed below.

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there is any indication of impairment for all non-current assets other than financial assets at the balance sheet date. For intangible assets with an indefinite useful life, in addition to the annual impairment test, when there is an indication of impairment, the impairment test is also carried out. Other non-current assets other than financial assets are tested for impairment when there is an indication that the carrying amount is not recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e., the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in the relevant sales agreement or an observable market price of similar assets in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate to determine the present value of future cash flows.

Fair value of unlisted equity investments

The valuation of unlisted equity investments is determined by applying the market method and net assets method which the Group opts based on its judgements. The Group make an estimation mainly in accordance with the current situation of market on each date of balance sheets. The judgements based on the market situation on the date of balance sheets and valuation method adopted may subject to the changes in the market, which will lead to the different actual results in the next year.

Deferred income tax assets

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable profit could be generated against deductible losses. Significant management judgments are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Useful lives and residual values of fixed assets

The Group's management determines the estimated useful lives and residual values of fixed assets and related depreciation charges. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets with similar nature and functions. It can change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives and residual values are less than previous estimations, or it will write off or write down the fixed assets technically obsolete or abandoned or sold.

Allowance for inventories

Allowance for inventories represents the provision for impairment of inventories where costs are higher than net realizable value. The management's judgments and estimates are required for determining inventory impairment on the basis of clear evidence, purpose of holding the inventories, effect of subsequent events and other factors. The difference between the actual results and the original estimates and the changes in estimates will affect the carrying amount of inventories and the provision or reversal of impairment on inventories.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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IV. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax	-	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 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.

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 Stevedoring 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) 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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. 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
	4,321,774,188.74	3,554,825,387.07
Including: Secured bank deposits from bidding deposits	320,500.00	6,320,500.00

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 year depending on the cash requirements of the Group and earn interest at the respective deposit rates.

2. Bills Receivable

	30 June 2021 (Unaudited)	31 December 2020
Bank acceptance notes	168,810,943.72	154,093,277.00
Commercial acceptance notes	–	4,400,000.00
	168,810,943.72	158,493,277.00
Less: Provision for bad debts of bills receivable	–	–
	168,810,943.72	158,493,277.00

As at 30 June 2021, the bills receivable pledged by the Group to issue bank acceptance notes was RMB995,378.00 (31 December 2020: RMB4,000,000.00), and the bank acceptance notes obtained was RMB200,000.00 (31 December 2020: RMB3,169,300.00).

As at 30 June 2021, the Group did not transfer any bills receivable to accounts receivable due to non-performance of drawers (31 December 2020: Nil).

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

	30 June 2021		31 December 2020	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance notes	9,610,817.00	–	63,031,357.26	–
Commercial acceptance notes	–	–	43,600,000.00	–
	9,610,817.00	–	106,631,357.26	–

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. 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 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
	77,299,004.23	65,291,497.15
Less: Provision for bad debts of accounts receivable	7,542,473.79	6,947,490.39
	69,756,530.44	58,344,006.76

	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				Carrying amount
	Balance		Provision for bad debts		
	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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts Receivable (Continued)

Accounts receivable with provision for bad debts made by portfolio of credit risk characteristics are 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 and 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 Grain & Oil Industries 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 Ocean Shipping Agency Qinhuangdao 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 Ocean Shipping Agency Qinhuangdao 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
	38,552,532.79	59.05	1,927,626.64	5

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Other Receivables

	30 June 2021 (Unaudited)	31 December 2020
Assets transfer consideration receivable	27,816,839.00	27,816,839.00
Equity transfer consideration receivable	21,425,195.83	21,425,195.83
Utilities receivable	13,291,127.48	7,959,042.25
Deposits receivable	353,784.00	584,642.00
Other	2,762,575.65	5,702,007.84
	65,649,521.96	63,487,726.92
Less: Provision for bad debts of other receivables	14,581,061.92	9,964,738.11
	51,068,460.04	53,522,988.81

An aged analysis of other receivables is as follows:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	11,935,658.81	12,678,772.64
1 to 2 years	27,428,723.46	46,004,894.69
2 to 3 years	21,483,118.40	102,431.29
Over 3 years	4,802,021.29	4,701,628.30
	65,649,521.96	63,487,726.92
Less: Provision for bad debts of other receivables	14,581,061.92	9,964,738.11
	51,068,460.04	53,522,988.81

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Other Receivables (Continued)

Changes in bad debts provision for other receivables based on the expected credit loss in the next 12 months were as follows:

For the six months ended 30 June 2021 (unaudited)

	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Credit-impaired financial assets (Lifetime ECL)	Total
Opening balance	9,964,738.11	-	-	9,964,738.11
Provision for the period	4,616,323.81	-	-	4,616,323.81
Reversal during the period	-	-	-	-
Write-off during the period	-	-	-	-
Closing balance	14,581,061.92	-	-	14,581,061.92

2020

	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Credit-impaired financial assets (Lifetime ECL)	Total
Opening balance	3,911,189.55	-	-	3,911,189.55
Provision for the year	6,090,635.82	-	-	6,090,635.82
Reversal during the year	(37,087.26)	-	-	(37,087.26)
Write-off during the year	-	-	-	-
Closing balance	9,964,738.11	-	-	9,964,738.11

Changes in bad debts provision for other receivables were as follows:

	Opening balance	Provision for the period/year	Reversal during the period/year	Write-off during the period/year	Closing balance
For the six months ended 30 June 2021 (unaudited)	9,964,738.11	4,616,323.81	-	-	14,581,061.92
2020	3,911,189.55	6,090,635.82	(37,087.26)	-	9,964,738.11

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Other Receivables (Continued)

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

	Closing balance	Percentage of total balance of other receivables (%)	Nature	Aging	Closing balance of bad debt provision
Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局)	23,222,539.00	35.37	Assets transfer consideration	Within 2 year	2,322,253.90
Bohai Jinji Port Investment Development Co., Ltd. (渤海津冀港口投資發展有限公司)	21,425,195.83	32.64	Equity transfer consideration	Within 5 year	9,604,442.83
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	12,279,487.89	18.70	Utilities, charges for sea area utilization and rental expenses	Within 2 year	796,660.37
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	7.00	Assets transfer consideration	Within 3 year	1,378,290.00
CCCC First Harbour Consultants Co., Ltd. (中交第一航務工程勘察設計院有限公司)	894,113.21	1.36	Advances, consulting fees	Within 1 year	44,705.66
	62,415,635.93	95.07			14,146,352.76

As at 31 December 2020, the top five amounts of other receivables are as follows:

	Closing balance	Percentage of total balance of other receivables (%)	Nature	Aging	Closing balance of bad debt provision
Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局)	23,222,539.00	36.58	Assets transfer consideration	Within 2 year	2,322,253.90
Bohai Jinji Port Investment Development Co., Ltd. (渤海津冀港口投資發展有限公司)	21,425,195.83	33.75	Equity transfer consideration	Within 4 year	6,227,084.83
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	9,843,949.40	15.51	Utilities, charges for sea area utilization and rental expenses	Within 2 year	539,485.32
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	7.24	Assets transfer consideration	Within 2 year	459,430.00
China Communications Construction Company Limited (中國交通建設股份有限公司)	920,133.26	1.45	Utilities	Within 1 year	46,006.66
	60,006,117.49	94.53			9,594,260.71

As at 30 June 2021, the Group had no government grants receivable (31 December 2020: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. 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
	193,998,240.04	10,233,357.42	183,764,882.62	173,853,992.66	11,009,380.51	162,844,612.15

Change in allowance for inventories 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
	11,009,380.51	-	-	(776,023.09)	10,233,357.42

2020

	Opening balance	Provision for the period	Decrease during the period		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
	7,598,246.43	4,451,624.68	-	(1,040,490.60)	11,009,380.51

6. Other current assets

	30 June 2021 (Unaudited)	31 December 2020
Deductible input VAT	113,215,948.68	124,800,857.29
Prepaid enterprise income tax	22,418,000.18	1,390,289.48
Input VAT to be certified	444,305.94	-
Other	-	13,337.50
	136,078,254.80	126,204,484.27

NOTES TO FINANCIAL STATEMENTS

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Long-term Equity Investments

For the six months ended 30 June 2021 (unaudited)

	Opening Balance	Increase in investment	Investment gain or loss under the equity method	Other comprehensive income	Change within the period					Closing carrying amount	Closing provision for impairment	
					Other equity movements	Distribution of dividends	Provision for impairment	Other movements	Other equity movements			
Equity method:												
Joint ventures												
Bohai Jiu-Ji Port Investment and Development Company Limited (渤海九集港口投資發展有限公司)	117,486,459.82	-	(28,776,011.03)	-	-	-	-	-	-	-	86,710,448.79	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	5,547,503.36	17,000,000.00	(6,679,697.00)	-	-	-	-	-	-	-	15,867,806.36	(18,119,045.54)
Sub-total	123,033,963.18	17,000,000.00	(35,455,708.03)	-	-	-	-	-	-	-	104,578,255.15	(89,969,852.53)
Associates												
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	683,833,396.59	-	19,108,969.61	-	-	-	(13,200,000.00)	-	-	-	689,742,366.20	-
Tangshan Caofieldan Shipye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,662,783,976.47	-	112,663,895.59	22,833,041.61	2,231,746.37	-	-	-	-	-	1,800,512,660.04	-
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	-	-	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	140,248,206.38	66,000,000.00	623,886.10	-	-	-	-	-	-	-	206,877,092.48	-
Tangshan Jingqiang Railway Co., Ltd. (唐山京唐鐵路有限公司)	280,000,000.00	-	-	-	-	-	-	-	-	-	280,000,000.00	-
Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (漳州海新區港興拖輪有限公司)	150,378,555.84	-	3,299,305.77	-	-	-	-	-	-	-	153,677,861.61	-
Xin Liehang Tally Co., Ltd. of Tangshan Caofieldan Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫程理貨有限公司)	334,954.76	-	21,655.37	-	-	-	-	-	-	-	356,610.13	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,052,653.52	-	214,442.83	-	-	-	-	-	-	-	12,267,296.35	-
Sub-total	2,929,631,943.56	66,000,000.00	135,937,155.27	22,833,041.61	2,231,746.37	-	(13,200,000.00)	-	-	-	3,143,433,886.81	(20,800,000.00)
Total	3,052,665,906.74	83,000,000.00	100,481,447.24	22,833,041.61	2,231,746.37	-	(13,200,000.00)	-	-	-	3,248,012,141.96	(120,769,852.53)

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Long-term Equity Investments (Continued)

2020

	Opening Balance	Change within the year							Closing carrying amount	Closing provision for impairment
		Increase in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Distribution of dividends	Provision for impairment	Other movements		
Equity method:										
Joint ventures										
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	221,023,425.48	-	(54,546,688.82)	-	(241,723.80)	-	(48,748,573.04)	117,486,459.82	(81,850,806.99)	
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	28,657,403.52	-	(12,223,167.53)	-	(53,716.40)	-	(10,833,016.23)	5,547,503.36	(18,119,045.54)	
Sub-total	249,680,829.00	-	(66,769,856.35)	-	(295,440.20)	-	(59,581,589.27)	123,033,963.18	(99,969,852.53)	
Associates										
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) (Note)	40,314.02	-	(40,314.02)	-	-	-	-	-	-	
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	670,803,506.05	-	24,732,433.95	(1,702,543.41)	-	(10,000,000.00)	-	663,833,396.59	-	
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,442,623,220.84	-	220,339,069.71	91,018,161.47	3,304,524.45	(94,500,000.00)	-	1,662,783,976.47	-	
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興業港務能源儲運有限公司)	-	-	-	-	-	-	-	-	(20,800,000.00)	
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	143,422,694.18	-	(3,174,487.80)	-	-	-	-	140,248,206.38	-	
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	271,386,547.27	-	8,613,452.73	-	-	-	-	280,000,000.00	-	
Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (瀋州渤海新區興港拖船有限公司)	143,603,729.81	-	6,774,826.03	-	-	-	-	150,378,555.84	-	
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保税區鑫程理貨有限公司)	247,049.65	-	87,905.11	-	-	-	-	334,954.76	-	
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,169,935.21	-	506,674.68	-	-	(623,756.37)	-	12,052,853.52	-	
Sub-total	2,684,296,997.03	-	257,839,580.39	89,315,618.06	3,304,524.45	(105,123,756.37)	-	2,929,631,943.56	(20,800,000.00)	
Total	2,933,977,826.03	-	191,066,724.04	89,315,618.06	3,009,084.25	(105,123,756.37)	(59,581,589.27)	3,052,665,906.74	(120,769,852.53)	

Note: On 29 April 2020, the public transfer of the entire equity interest in Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) ("Huazheng Coal") held by the Company was considered and approved at the nineteenth meeting of the fourth session of the board of directors of the Company. Qinhuangdao Fengyuan Metal Installation Engineering Co., Ltd. (秦皇島市達源金屬安裝工程有限公司) agreed to accept the transfer of all the equity interest in Huazheng Coal held by the Company through the public transfer in the property rights trading market in Hebei, and an equity transfer contract was signed on 29 June 2020. As at 3 July 2020, the equity transfer foresaid has been completed.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Long-term Equity Investments (Continued)

Provision for impairment of the long-term equity investments:

For the six months ended 30 June 2021 (unaudited)

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	81,850,806.99	-	-	81,850,806.99
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	18,119,045.54	-	-	18,119,045.54
Total	120,769,852.53	-	-	120,769,852.53

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	33,102,233.95	48,748,573.04	-	81,850,806.99
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	7,286,029.31	10,833,016.23	-	18,119,045.54
Total	61,188,263.26	59,581,589.27	-	120,769,852.53

8. Other equity instruments investments

For the six months ended 30 June 2021 (unaudited)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the period	
			Equity instruments derecognized in current period	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	93,760,564.18	591,760,564.18	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	(17,925,129.60)	16,074,870.40	-	-
Cangzhou Huanghuagang Steel Logistics Co., (滄州黃驊港鋼鐵物流有限公司)	4,619,825.40	35,372,183.35	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	115,505.74	24,115,505.74	-	-
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	(6,367,612.78)	58,672,387.22	-	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	40,712,270.14	122,594,180.14	-	9,360,000.00
Total	114,915,423.08	848,589,691.03	-	9,360,000.00

2020

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the year	
			Equity instruments derecognized in current period	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	38,441,021.73	536,441,021.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	(18,110,993.36)	15,889,006.64	-	-
Cangzhou Huanghuagang Steel Logistics Co., (滄州黃驊港鋼鐵物流有限公司)	3,913,681.57	34,666,039.52	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	(580,000.00)	23,420,000.00	-	-
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	(6,404,744.00)	58,635,256.00	-	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	36,148,744.70	118,030,654.70	-	5,100,000.00
Total	53,407,710.64	787,081,978.59	-	5,100,000.00

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. 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
	12,914,031,002.84	13,398,156,815.24

For the six months ended 30 June 2021 (unaudited)

	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	6,510,436,317.58	8,360,661,358.11	10,334,145,474.13	493,758,330.95	250,921,229.05	25,949,922,709.82
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	2,182,204,719.15	2,994,475,289.47	7,172,400,460.37	418,224,048.69	191,435,852.69	12,958,740,370.37
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
Write off for the period	-	-	(3,546,471.33)	-	(199.45)	(3,546,670.78)
Reclassification	-	-	(46,570.96)	-	46,570.96	-
Closing balance	5,114,326.16	7,997,565.98	69,922,146.48	19,812.44	772,962.10	83,826,813.16
Carrying amounts						
Closing balance	4,323,117,272.27	5,358,188,502.66	3,091,822,867.28	75,514,469.82	58,712,414.26	12,907,355,526.29
Opening balance	4,463,483,804.46	5,515,604,337.93	3,275,769,980.28	84,372,782.82	58,615,392.52	13,397,846,298.01

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Fixed Assets (Continued)

2020

	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 period	(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	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
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	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 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	5,114,326.16	7,997,565.98	73,515,188.77	19,812.44	726,590.59	87,373,483.94
Carrying amounts						
Closing balance	4,463,483,804.46	5,515,604,337.93	3,275,769,980.28	84,372,782.82	58,615,392.52	13,397,846,298.01
Opening balance	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

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Fixed Assets (Continued)

Fixed assets leased out under finance leases is as follows:

For the six months ended 30 June 2021 (unaudited)

	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 to fixed assets 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 to fixed assets during the period	427,312.00	-	9,424.80	-	-	436,736.80
Provision	223,793.16	384,035.54	252,516.00	-	428.60	860,773.30
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 amounts						
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

	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 to fixed assets during the period	9,724,710.34	-	21,200.00	-	-	9,745,910.34
Transferred from fixed assets during the period	(2,606,651.37)	(13,130,099.26)	(10,600.00)	-	(10,600.00)	(15,757,950.63)
Closing balance	9,724,710.34	15,818,169.35	42,592,726.32	427,816.00	5,300.00	68,568,722.01
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 to 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	606,421.78	5,614,723.96	23,343,275.71	414,981.52	4,712.40	29,984,115.37
Carrying amounts						
Closing balance	9,118,288.56	10,203,445.39	19,249,450.61	12,834.48	587.60	38,584,606.64
Opening balance	1,874,521.70	20,061,007.19	22,450,250.13	12,834.48	4,119.00	44,402,732.50

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Fixed Assets (Continued)

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

	Carrying amounts	Reason for not obtaining the title certificate
Properties and buildings	10,397,307.72	In progress

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

	Carrying amounts	Reason for not obtaining the title certificate
Properties and buildings	10,555,247.43	In progress

10. 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
Phase 3 of coal for updating of No. one, two and three ship loader	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	1,676,975,779.27	24,416,466.25	1,652,559,313.02	1,207,457,196.89	24,416,466.25	1,183,040,730.64

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Construction in Progress (Continued) For the six months ended 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 Port	3,050,861,400.00	1,012,156,030.23	457,749,186.98	-	-	-	1,469,905,217.21	Fund 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
Phase 3 of coal for updating of No. one, two and three ship loader	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									
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	672,446,295.76	1,010,864,909.82	-	(671,155,175.35)	-	1,012,156,030.23	Fund raised, loans from financial institutes 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	10,632,588.33	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		

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Construction in Progress (Continued)

For the six months ended 30 June 2021, the included capitalized interest of construction in progress were 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	70%	488,778,552.52	13,572,109.70	1.99%
Others		759,443.11	450,853.63	2.03%
		489,537,995.63	14,022,963.33	

In 2020, the included capitalized interest of construction in progress were as follows:

	Progress of project	Accumulated amounts of capitalized interest	Including: capitalized interest for the year	Ratio of capitalized interest for the year
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	55%	475,206,442.82	7,559,238.89	3.94%
Others		308,589.48	308,589.48	4.05%
		475,515,032.30	7,867,828.37	

11. Right-of-use Assets

For the six months ended 30 June 2021 (Unaudited)

	Buildings	Terminal facilities	Machinery	Total
Cost				
Opening and closing balance	137,705,899.03	16,523,326.76	937,886.04	155,167,111.83
Accumulated depreciation				
Beginning of the period	18,943,842.70	11,015,551.19	625,257.29	30,584,651.18
Provision for the period	3,234,849.23	2,753,887.70	156,314.30	6,145,051.23
End of the period	22,178,691.93	13,769,438.89	781,571.59	36,729,702.41
Carrying amounts				
End of the period	115,527,207.10	2,753,887.87	156,314.45	118,437,409.42
Beginning of the period	118,762,056.33	5,507,775.57	312,628.75	124,582,460.65

2020

	Buildings	Terminal facilities	Machinery	Total
Cost				
Opening balance	136,958,687.91	16,523,326.76	937,886.04	154,419,900.71
Additions	747,211.12	-	-	747,211.12
Closing balance	137,705,899.03	16,523,326.76	937,886.04	155,167,111.83
Accumulated depreciation				
Opening balance	12,511,504.79	5,507,775.75	312,628.73	18,331,909.27
Provision	6,432,337.91	5,507,775.44	312,628.56	12,252,741.91
Closing balance	18,943,842.70	11,015,551.19	625,257.29	30,584,651.18
Carrying amounts				
End of the year	118,762,056.33	5,507,775.57	312,628.75	124,582,460.65
Beginning of the year	124,447,183.12	11,015,551.01	625,257.31	136,087,991.44

As at 30 June 2021, the management of the Group was of the opinion that no provision for impairment of right-of-use assets was necessary (2020: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Intangible Assets

For the six months ended 30 June 2021 (Unaudited)

	Land use rights	Software	Sea area use rights	Total
Cost				
Opening balance	2,554,346,992.39	135,299,677.42	739,294,261.06	3,428,940,930.87
Purchase for the period	–	555,309.74	–	555,309.74
Transferred from construction in progress	–	12,622,588.50	–	12,622,588.50
Disposal for the period	–	(11,226,460.00)	–	(11,226,460.00)
Closing balance	2,554,346,992.39	137,251,115.66	739,294,261.06	3,430,892,369.11
Accumulated amortization				
Opening balance	297,284,055.77	73,011,156.45	17,840,064.79	388,135,277.01
Provision for the period	27,227,464.08	4,809,463.35	7,462,062.48	39,498,989.91
Disposal for the period	–	(11,226,460.00)	–	(11,226,460.00)
Closing balance	324,511,519.85	66,594,159.80	25,302,127.27	416,407,806.92
Carrying amount				
Closing balance	2,229,835,472.54	70,656,955.86	713,992,133.79	3,014,484,562.19
Opening balance	2,257,062,936.62	62,288,520.97	721,454,196.27	3,040,805,653.86

2020

	Land use rights	Software	Sea area use rights	Total
Cost				
Opening balance	2,562,936,692.39	149,761,107.53	66,742,407.41	2,779,440,207.33
Purchase for the year	–	2,709,027.42	–	2,709,027.42
Transferred from construction in progress	–	6,155,489.52	672,551,853.65	678,707,343.17
Disposal for the year	(8,589,700.00)	(23,325,947.05)	–	(31,915,647.05)
Closing balance	2,554,346,992.39	135,299,677.42	739,294,261.06	3,428,940,930.87
Accumulated amortization				
Opening balance	243,026,365.83	87,273,881.60	6,288,010.35	336,588,257.78
Provision for the year	54,512,046.38	9,063,221.90	11,552,054.44	75,127,322.72
Disposal for the year	(254,356.44)	(23,325,947.05)	–	(23,580,303.49)
Closing balance	297,284,055.77	73,011,156.45	17,840,064.79	388,135,277.01
Carrying amount				
Closing balance	2,257,062,936.62	62,288,520.97	721,454,196.27	3,040,805,653.86
Opening balance	2,319,910,326.56	62,487,225.93	60,454,397.06	2,442,851,949.55

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Intangible Assets (Continued)

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

	Carrying amounts	Reason for not obtaining the title certificate
Land use rights	293,906,381.56	The land use right certificate of a reclaimed land has not been renewed

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

	Carrying amounts	Reason for not obtaining the title certificate
Land use rights	297,536,480.91	The land use right certificate of a reclaimed land has not been renewed

13. Long-term Prepaid Expenses

For the six months ended 30 June 2021 (Unaudited)

	Opening balance	Accrued	Amortisation	Closing balance
Dredging costs	54,087,798.36	164,687.73	13,538,418.34	40,714,067.75
Afforestation fee	5,668,278.51	970,621.23	1,249,606.14	5,389,293.60
Renovation costs	2,493,632.33	–	231,335.46	2,262,296.87
	62,249,709.20	1,135,308.96	15,019,359.94	48,365,658.22

2020

	Opening balance	Accrued	Amortisation	Closing balance
Dredging costs	64,994,277.21	18,988,333.34	29,894,812.19	54,087,798.36
Afforestation fee	2,559,568.76	4,683,964.98	1,575,255.23	5,668,278.51
Renovation costs	–	2,493,632.33	–	2,493,632.33
	67,553,845.97	26,165,930.65	31,470,067.42	62,249,709.20

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Deferred Income Tax Assets/Liabilities

Deferred income tax assets and deferred income tax liabilities without taking into consideration the offsetting balance are as follows:

	30 June 2021 (Unaudited)		31 December 2020	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Government grants	189,970,050.64	47,492,512.66	206,855,643.52	51,713,910.88
Asset impairment provision	142,137,211.16	35,534,302.79	136,865,285.28	34,216,321.32
Employee bonus	359,450,000.00	89,862,500.00	320,450,000.00	80,112,500.00
Accrued early retirement schemes	740,559,850.52	185,139,962.63	835,300,473.68	208,825,118.42
Difference between tax base and accounting base of fixed assets	84,317,131.64	21,079,282.91	87,805,822.28	21,951,455.57
Changes in fair value of investments in other equity instruments	24,292,742.38	6,073,185.60	25,095,737.36	6,273,934.34
	1,540,726,986.34	385,181,746.59	1,612,372,962.12	403,093,240.53

	30 June 2021 (Unaudited)		31 December 2020	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of other equity instruments investments	139,208,165.46	34,802,041.38	78,503,448.00	19,625,862.00

Deferred income tax assets and liabilities are offset as follows:

	30 June 2021 (Unaudited)		31 December 2020	
	Eliminations	Remaining	Eliminations	Remaining
Deferred income tax assets	(6,073,185.60)	379,108,560.99	(6,273,934.34)	396,819,306.19
Deferred income tax liabilities	(6,073,185.60)	28,728,855.78	(6,273,934.34)	13,351,927.66

Deductible temporary differences and deductible losses of deferred income tax assets which are not recognized are as follows:

	30 June 2021 (Unaudited)	31 December 2020
Deductible temporary differences	136,510,497.56	139,729,350.28
Deductible losses	825,139,183.10	843,365,630.46
	961,649,680.66	983,094,980.74

The deductible losses of the deferred income tax assets which are not recognized will expire in the following years:

	30 June 2021 (Unaudited)	31 December 2020
2021	27,928,207.79	27,928,207.79
2022	83,384,965.19	83,436,599.66
2023	222,518,332.57	221,583,157.46
2024	208,583,984.46	299,845,878.06
2025	209,700,157.53	210,571,787.49
2026	73,023,535.56	–
	825,139,183.10	843,365,630.46

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Other Non-current Assets

	30 June 2021 (Unaudited)	31 December 2020
Prepayments for engineering equipment expenses	85,798,503.32	63,712,378.20
Deductible input VAT	61,677,496.95	9,228,066.76
	147,476,000.27	72,940,444.96

16. Short-term Borrowings

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

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

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

17. Accounts Payable

	30 June 2021 (Unaudited)	31 December 2020
Accounts payable	299,791,566.79	185,335,672.51

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
	299,791,566.79	185,335,672.51

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. 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
	518,104,897.38	630,272,097.10

19. Employee Benefits Payable

For the six months ended 30 June 2021 (Unaudited)

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	336,053,251.30	719,026,191.35	644,996,916.08	410,082,526.57
Post-employment benefits (defined contribution plans)	18,832,801.67	119,265,055.41	118,299,796.02	19,798,061.06
Early retirement schemes due within one year (Note V. 26)	350,273,841.76	148,699,747.90	130,242,394.20	368,731,195.46
	705,159,894.73	986,990,994.66	893,539,106.30	798,611,783.09

2020

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	314,200,407.07	1,439,180,596.89	1,417,327,752.66	336,053,251.30
Post-employment benefits (defined contribution plans)	17,892,027.62	188,525,359.48	187,584,585.43	18,832,801.67
Early retirement schemes due within one year (Note V. 26)	309,679,808.36	289,512,247.02	248,918,213.62	350,273,841.76
	641,772,243.05	1,917,218,203.39	1,853,830,551.71	705,159,894.73

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Employee Benefits Payable (Continued)

For the six months ended 30 June 2021 (Unaudited)

Short-term employee benefits are as follows:

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	320,450,000.00	528,320,932.27	488,557,562.27	360,213,370.00
Staff welfare	504,675.08	48,910,488.06	28,373,273.96	21,041,889.18
Social insurance	–	59,571,324.29	48,162,718.82	11,408,605.47
Including: Medical insurance	–	52,280,838.30	40,874,838.69	11,405,999.61
Work-related injury insurance	–	7,290,485.99	7,287,880.13	2,605.86
Maternity insurance	–	–	–	–
Housing funds	7,651,896.27	60,084,925.09	59,060,645.34	8,676,176.02
Union fund and employee education fund	7,446,679.95	11,752,015.15	12,177,907.34	7,020,787.76
Short-term paid leaves	–	6,244,248.92	6,244,248.92	–
Other short-term employee benefits	–	4,142,257.57	2,420,559.43	1,721,698.14
	336,053,251.30	719,026,191.35	644,996,916.08	410,082,526.57

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	76,785,624.93	76,771,023.09	14,601.84
Unemployment insurance	–	3,545,678.84	3,544,462.88	1,215.96
Enterprise annuity contribution (Note)	18,832,801.67	38,933,751.64	37,984,310.05	19,782,243.26
	18,832,801.67	119,265,055.41	118,299,796.02	19,798,061.06

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Employee Benefits Payable (Continued)

2020

Short-term employee benefits are as follows:

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	298,400,000.00	1,056,473,808.53	1,034,423,808.53	320,450,000.00
Staff welfare	212,405.26	124,295,797.08	124,003,527.26	504,675.08
Social insurance	-	95,035,728.77	95,035,728.77	-
Including: Medical insurance	-	86,785,957.30	86,785,957.30	-
Work-related injury insurance	-	8,249,771.47	8,249,771.47	-
Maternity insurance	-	-	-	-
Housing funds	7,478,256.46	118,035,799.50	117,862,159.69	7,651,896.27
Union fund and employee education fund	8,109,745.35	25,616,782.65	26,279,848.05	7,446,679.95
Short-term paid leaves	-	14,987,458.55	14,987,458.55	-
Other short-term employee benefits	-	4,735,221.81	4,735,221.81	-
	314,200,407.07	1,439,180,596.89	1,417,327,752.66	336,053,251.30

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	-	109,629,375.79	109,629,375.79	-
Unemployment insurance	-	4,842,516.47	4,842,516.47	-
Enterprise annuity contribution(Note)	17,892,027.62	74,053,467.22	73,112,693.17	18,832,801.67
	17,892,027.62	188,525,359.48	187,584,585.43	18,832,801.67

Note: The Group entrusted an independent third party to operate a defined contribution pension scheme, which requires payments of fixed contribution to independent fund. According to the pension scheme, the highest payment shall not exceed the national regulations, which is within 8% of prior year's total payroll. The total payment made by the enterprise and employees shall not exceed 12% of prior year's total payroll. Since January 2017, the payment was calculated at 8% of prior year's total payroll.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. 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
Value-added tax	13,008,230.18	23,585.83
Urban 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
	121,436,582.03	149,212,114.42

21. Other Payables

	30 June 2021 (Unaudited)	31 December 2020
Dividend payable	357,595,697.28	1,455.91
Other payables	788,817,884.28	674,475,950.75
	1,146,413,581.56	674,477,406.66
Other payables		
Engineering equipment expenses	668,964,416.70	626,868,862.80
Sewage charges of dust	18,002,926.68	18,002,926.68
Equity transfer consideration	51,600,000.00	1,600,000.00
Land premium	1,922,846.40	1,922,846.40
Other	48,327,694.50	26,081,314.87
	788,817,884.28	674,475,950.75

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Other Payables (Continued)

As at 30 June 2021, significant other payables aging more than 1 year are as follows (unaudited):

	Sums payable	Outstanding reason
Engineering equipment expenses payable	201,674,350.96	Not yet settled

As at 31 December 2020, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	302,624,850.47	Not yet settled

22. Non-current Liabilities Due within One Year

	30 June 2021 (Unaudited)	31 December 2020
Long-term borrowings due within one year (Note V. 23)	799,796,221.78	617,888,149.39
Lease liabilities due within one year (Note V. 24)	6,848,304.24	8,670,524.40
Long-term payables due within one year (Note V. 25)	100,400,000.00	100,400,000.00
	907,044,526.02	726,958,673.79

23. 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
Non-current portion	5,922,548,644.98	5,886,790,644.98

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
	6,722,344,866.76	6,504,678,794.37

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Lease Liabilities

	30 June 2021 (Unaudited)	31 December 2020
Lease liabilities	7,160,884.18	9,123,036.49
Less: lease liabilities due within one year	6,848,304.24	8,670,524.40
	312,579.94	452,512.09

25. Long-term Payables

	30 June 2021 (Unaudited)	31 December 2020
Long-term payables	188,400,000.00	238,400,000.00
Less: amount due within one year	100,400,000.00	100,400,000.00
Non-current portion	88,000,000.00	138,000,000.00

As at 30 June 2021, the Group recognized the equity payables of RMB188,400,000.00 (31 December 2020: RMB238,400,000.00) under the equity repurchase commitment with Tangshan Jingtang Railway Co., Ltd..

The long-term payables of the Group expected to be paid in the future:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year (including 1 year)	100,400,000.00	100,400,000.00
Within 2 years (including 2 years)	52,000,000.00	102,000,000.00
Within 3 to 5 years (including 3 years and 5 years)	6,000,000.00	6,000,000.00
Over 5 years	30,000,000.00	30,000,000.00
	188,400,000.00	238,400,000.00

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For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Long-term Employee Benefits Payable

Other long-term employee benefits

	30 June 2021 (Unaudited)	31 December 2020
Early retirement schemes payable	755,050,218.34	850,572,279.68
Including: Amount due within one year	368,731,195.46	350,273,841.76
Non-current portion	386,319,022.88	500,298,437.92

Change in early retirement schemes payable are as follows:

	30 June 2021 (Unaudited)	31 December 2020
Early retirement schemes		
Opening balance	850,572,279.68	842,607,809.71
Increase in the period/year	34,720,332.86	256,882,683.59
Decrease in the period/year	(130,242,394.20)	(248,918,213.62)
Closing balance	755,050,218.34	850,572,279.68

Expected early retirement schemes payable of the Group in the future are as follows:

	30 June 2021 (Unaudited)	31 December 2020
Undiscounted amount		
Within 1 year	368,731,195.46	350,273,841.76
1 year to 2 years	189,928,142.08	243,641,208.62
2 years to 3 years	117,662,711.80	157,257,836.71
Over 3 years	127,259,392.28	155,299,638.50
	803,581,441.62	906,472,525.59
Unrecognized financing cost	(48,531,223.28)	(55,900,245.91)
	755,050,218.34	850,572,279.68

The Group has optimized and adjusted the posts of the employees who met certain conditions on a voluntary basis, and has formulated and implemented the policy of "Leaving Posts and Waiting for Retirement". The Group has the obligation to pay the costs on employees who leave their posts and wait for retirement in the next 1 year to 10 years until the employees reach their statutory retirement age. The costs on employees who leave their posts and wait for retirement are determined with reference to certain proportion of the average monthly wages of the previous year before the employees officially leave their posts and wait for retirement. In the meantime, the Group will make provision and pay for insurance and housing fund for those employees under local requirements for social insurance. Taking into account future payment obligations of the costs on employees who leave their posts and wait for retirement, such costs will be accounted into the administrative expenses on a one-off basis in accordance with discounted China bond and government bond yields for the corresponding period.

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Deferred Income

	30 June 2021 (Unaudited)	31 December 2020
Government grants in relation to assets		
Special environmental subsidy	133,735,286.05	141,194,477.65
Subsidy for retrofitting of contingency coal storage depot	50,500,000.00	60,250,000.00
Technology center project funds	3,982,488.35	1,057,556.87
Other	2,187,151.09	2,148,484.43
	190,404,925.49	204,650,518.95
Government grants in relation to income		
Technology center project funds	330,000.00	2,870,000.00
	190,734,925.49	207,520,518.95

For the six months ended 30 June 2021 (unaudited)

	Opening balance	Increase during the period	Recognized in other revenue in the period	Closing balance	Related to assets/income
Special environmental subsidy	141,194,477.65	–	7,459,191.60	133,735,286.05	Related to assets
Retrofitting of contingency coal storage depot	60,250,000.00	–	9,750,000.00	50,500,000.00	Related to assets
Technology center project funds	3,927,556.87	600,000.00	215,068.52	4,312,488.35	Related to assets and income
Other	2,148,484.43	100,000.00	61,333.34	2,187,151.09	Related to assets
	207,520,518.95	700,000.00	17,485,593.46	190,734,925.49	

31 December 2020

	Opening balance	Increase during the year	Recognized in other revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	156,576,721.90	–	15,382,244.25	141,194,477.65	Related to assets
Retrofitting of contingency coal storage depot	79,750,000.00	–	19,500,000.00	60,250,000.00	Related to assets
Technology center project funds	4,486,027.39	–	558,470.52	3,927,556.87	Related to assets and income
Other	2,300,603.61	–	152,119.18	2,148,484.43	Related to assets
	243,113,352.90	–	35,592,833.95	207,520,518.95	

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Share Capital

For the six months ended 30 June 2021 (unaudited)

	Changes during the period				Closing balance
	Opening balance	Issuance of new shares	Others	Sub-total	
I. Shares subject to selling restrictions					
1. Shares held by State-owned legal persons	-	-	-	-	-
2. Other	-	-	-	-	-
Total of shares subject to selling restrictions	-	-	-	-	-
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	4,757,559,000.00	-	-	-	4,757,559,000.00
2. Overseas listed foreign shares	829,853,000.00	-	-	-	829,853,000.00
Total of shares not subject to selling restrictions	5,587,412,000.00	-	-	-	5,587,412,000.00
Total of shares	5,587,412,000.00	-	-	-	5,587,412,000.00

31 December 2020

	Changes during the year				Closing balance
	Opening balance	Issuance of new shares	Others (Note)	Sub-total	
I. Shares subject to selling restrictions					
1. Shares held by State-owned legal persons	3,063,066,842.00	-	(3,063,066,842.00)	(3,063,066,842.00)	-
2. Other	41,247,362.00	-	(41,247,362.00)	(41,247,362.00)	-
Total of shares subject to selling restrictions	3,104,314,204.00	-	(3,104,314,204.00)	(3,104,314,204.00)	-
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	1,653,244,796.00	-	3,104,314,204.00	3,104,314,204.00	4,757,559,000.00
2. Overseas listed foreign shares	829,853,000.00	-	-	-	829,853,000.00
Total of shares not subject to selling restrictions	2,483,097,796.00	-	3,104,314,204.00	3,104,314,204.00	5,587,412,000.00
Total of shares	5,587,412,000.00	-	-	-	5,587,412,000.00

Note: The shares subject to selling restrictions of the Group are A shares subject to selling restrictions under the initial public offering with a lock-up period of thirty-six months from the listing date of the shares of the Company. As of 17 August 2020, all of 3,104,314,204.00 shares subject to selling restrictions have converted into tradable shares not subject to selling restrictions.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Capital Reserve

For the six months ended 30 June 2021 (unaudited)

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Share premium	5,196,156,925.69	–	–	5,196,156,925.69
Other	11,513,142.71	–	–	11,513,142.71
	5,207,670,068.40	–	–	5,207,670,068.40

31 December 2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	5,196,156,925.69	–	–	5,196,156,925.69
Others (Note)	11,387,866.92	125,275.79	–	11,513,142.71
	5,207,544,792.61	125,275.79	–	5,207,670,068.40

Note: On 27 August 2020, the Group has cancelled Qinhuangdao Ruigang Technology Import & Export Co., Ltd., a wholly-owned subsidiary, and reversed the capital reserve of RMB125,275.79 decreased by the purchase of minority interests for the past years.

30. Other Comprehensive Income

Accumulated balance of other comprehensive income attributable to the shareholders of the parent company in the consolidated balance sheet:

For the six months ended 30 June 2021 (unaudited)

	1 January 2021	Increase/ (decrease)	30 June 2021
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	232,175,823.85	22,833,041.61	255,008,865.46
Changes in fair value of other equity instruments investment	29,124,862.74	44,440,043.00	73,564,905.74
Exchange differences on foreign currency translation	1,963,790.71	(486,726.90)	1,477,063.81
	263,264,477.30	66,786,357.71	330,050,835.01

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other Comprehensive Income (Continued)

Accumulated balance of other comprehensive income attributable to the shareholders of the parent company in the consolidated balance sheet: (Continued)

2020

	1 January 2020	Increase/ (decrease)	31 December 2020
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	141,157,662.38	91,018,161.47	232,175,823.85
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	1,702,543.41	(1,702,543.41)	-
Changes in fair value of other equity instruments investment	33,760,810.46	(4,635,947.72)	29,124,862.74
Exchange differences on foreign currency translation	4,712,311.61	(2,748,520.90)	1,963,790.71
	181,333,327.86	81,931,149.44	263,264,477.30

Amount of other comprehensive income:

For the six months ended 30 June 2021 (unaudited)

	Amount before tax	Less: Other comprehensive income previously recognized to be transferred to current profit or loss	Less: Other comprehensive income previously recognized to be transferred to current retained profit or loss	Less: Income tax	Attributable to the parent company	Attributable to minority interest
Other comprehensive income which will not be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	22,833,041.61	-	-	-	22,833,041.61	-
Changes in fair value of other equity instruments investment	61,507,712.44	-	-	15,376,928.12	44,440,043.00	1,690,741.32
Other comprehensive income which will be reclassified to profit and loss						
Exchange differences on foreign currency translation	(486,726.90)	-	-	-	(486,726.90)	-
	83,854,027.15	-	-	15,376,928.12	66,786,357.71	1,690,741.32

For the six months ended 30 June 2020 (unaudited)

	Amount before tax	Less: Other comprehensive income previously recognized to be transferred to current profit or loss	Less: Other comprehensive income previously recognized to be transferred to current retained profit or loss	Less: Income tax	Attributable to the parent company	Attributable to minority interest
Other comprehensive income which will not be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	21,329,842.60	-	-	-	21,329,842.60	-
Changes in fair value of other equity instruments investment	24,652,955.51	-	-	6,163,238.88	15,680,419.46	2,809,297.17
Other comprehensive income which will be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	(444,541.53)	-	-	-	(444,541.53)	-
Exchange differences on foreign currency translation	893,327.40	-	-	-	893,327.40	-
	46,431,583.98	-	-	6,163,238.88	37,459,047.93	2,809,297.17

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Special Reserve

For the six months ended 30 June 2021 (unaudited)

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Production safety expenses	139,446,715.57	33,262,892.11	(9,268,119.16)	163,441,488.52

2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Production safety expenses	108,030,468.84	65,424,408.33	(34,008,161.60)	139,446,715.57

Pursuant to the Notice on Issue of Administrative Measures of Withdrawal and Use of Corporate Production Safety Expenses 《關於印發〈企業生產安全費用提取和使用管理辦法〉的通知》(Cai Qi [2012] No.16) issued by the Ministry of Finance of the PRC together with the State Administration of Work Safety, the Group started to accrue the safety production expenses from 2012.

32. Surplus Reserve

For the six months ended 30 June 2021 (unaudited)

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	1,433,372,455.99	-	-	1,433,372,455.99

2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserve	1,334,346,000.28	99,026,455.71	-	1,433,372,455.99

According to the requirements of the Company Law and the Articles of Association of the Company, the Company is required to appropriate 10% of its net profits to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has reached above 50% of the registered capital of the Company, additional appropriation will not be needed.

After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserves. Upon approval, discretionary surplus reserves can be used to make up for accumulated losses or to increase the share capital.

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Retained Profits

	30 June 2021 (Unaudited)	31 December 2020
Retained profits at the beginning of the period/year	2,585,014,785.35	2,191,776,305.79
Net profit attributable to shareholders of the parent	698,850,420.51	995,132,015.27
Less: Appropriation to statutory surplus reserve	–	99,026,455.71
Cash dividend payable for ordinary shares (Note)	357,594,368.00	502,867,080.00
Retained profits at the end of the period/year	2,926,270,837.86	2,585,014,785.35

Note: Pursuant to the Resolution on 2020 Profit Distribution considered and approved at the twenty-fourth meeting of the fourth session of the board of directors held on 29 March 2021, the Company proposed to pay a cash dividend totaling RMB357,594,368.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.064 per share (inclusive of tax). The abovementioned proposal was approved at the 2020 Annual General Meeting held on 25 June 2021.

Pursuant to the Resolution on 2019 Profit Distribution considered and approved at the eighteenth meeting of the fourth session of the board of directors of the Company held on 27 March 2020, the Company proposed to pay a cash dividend totaling RMB502,867,080.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.09 per share (inclusive of tax). The abovementioned proposal was approved at the 2019 Annual General Meeting held on 6 June 2020.

34. 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
	3,247,726,857.34	1,966,152,097.72	2,995,402,079.12	1,782,650,850.89

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
	3,247,726,857.34	2,995,402,079.12

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Operating Revenue and Cost (Continued)

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

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Reportable segment – integrated port services		
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

35. Tax and Surcharges

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Environmental protection tax	99,335,782.09	129,869,221.31
Land use tax	23,764,294.64	23,481,338.51
City maintenance and construction tax and education surcharge	9,716,643.89	8,984,873.31
Real estate tax	8,492,903.92	8,642,703.01
Stamp duty	456,274.66	1,260,469.88
Vehicles and vessels use tax	243,758.09	287,477.14
	142,009,657.29	172,526,083.16

Please refer to Note IV. Taxation for tax base of tax and surcharge.

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Administrative Expenses

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Employee remuneration	213,126,818.17	189,922,852.22
Early retirement schemes	34,976,552.91	38,201,959.75
Depreciation and amortization	27,255,861.62	25,898,812.06
Rental expenses	14,740,214.97	14,761,174.64
Epidemic prevention expenses	2,448,316.35	5,930,725.94
Office charges	2,677,916.00	4,586,883.78
Repair and maintenance expenses	2,520,626.16	3,038,583.71
Cost of outsourcing labor	1,990,680.19	2,601,676.14
Travel expenses	2,126,432.84	1,311,047.26
Business entertainment expenses	1,804,787.86	730,625.90
Others	11,433,530.43	18,453,315.73
	315,101,737.50	305,437,657.13

37. Research and Development Expenses

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Staff labor costs	3,427,563.07	2,899,767.03
Commissioned research and development expense	490,607.37	108,716.98
Other	166,926.31	67,915.44
	4,085,096.75	3,076,399.45

38. Financial expenses

	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

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Other Income

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Government subsidy related to daily activities	30,954,117.70	29,281,167.95
Refund of withholding personal income tax	322,774.42	291,511.46
	31,276,892.12	29,572,679.41

The government subsidy related to daily activities are as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)	Related to assets/incomes
Retrofitting of contingency coal storage depot (Note 1)	9,750,000.00	9,750,000.00	Related to assets
Special environmental subsidy (Note 2)	7,459,191.60	7,729,274.94	Related to assets
Additional deduction on VAT (Note 3)	7,241,810.58	6,344,819.14	Related to assets
Others	6,503,115.52	5,457,073.87	
	30,954,117.70	29,281,167.95	

Note 1: Such government subsidy was the national special fund received for improving assets such as coal stacker and reclaimer according to the Notice regarding the Central Budget Investment Plan 2011 for the National Coal Emergency Reserve Improvement Project (2011) No. 2327 as promulgated by the National Development and Reform Commission. The subsidy is amortized and transferred to other income in accordance with the depreciation of relevant fixed assets.

Note 2: Such government subsidy was a special subsidy received for acquisition of relevant environmental protection facilities according to the Notice regarding the Sewage Charges on Coal Dust Imposed by the Qinhuangdao Municipal People's Government (Qin Zheng [2006] No. 66). The subsidy is amortized and transferred to other income in accordance with the depreciation of relevant fixed assets.

Note 3: In accordance with the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement No. 39 [2019] of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs), which stipulated that from 1 April 2019 to 31 December 2021, taxpayers engaging in manufacturing and living service industries are permitted an additional 10% input credit against payable VAT in accordance with the deductible input tax for the current period. The Group included the tax payable into the other income.

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. 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

41. Credit Impairment Loss

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
(Loss)/reversal of bad debts for accounts receivable	(594,983.40)	1,740,038.20
Loss of bad debts for other receivables	(4,616,323.81)	(5,160,386.34)
	(5,211,307.21)	(3,420,348.14)

42. 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

43. Non-operating Expenses

	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)
Losses from spoilage and obsolescence of non-current assets	446,026.92	260,715.05	446,026.92
Donation expenses	–	3,033,000.00	–
Others	69,011.25	592,986.07	69,011.25
	515,038.17	3,886,701.12	515,038.17

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Expense by Nature

The supplemental information to the Group's operating costs, administrative expenses, research and development expenses by nature are as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Employee remuneration (Note)	862,573,787.93	720,299,262.38
Depreciation and amortization	621,803,536.29	635,410,575.54
Repair and maintenance expenses	277,180,147.82	240,115,304.98
Power and fuel costs	136,026,927.87	122,800,743.90
Consumption expense of machinery	116,002,843.37	132,531,982.95
Rental	69,671,183.54	66,705,965.55
Cost of outsourcing labor	40,628,562.17	43,910,962.81
Others	161,451,942.98	129,390,109.36
	2,285,338,931.97	2,091,164,907.47

Note: Employee remuneration included early retirement schemes payable of RMB34,720,332.86 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB38,147,969.38), and please refer to Note V. 26 Long-term Employee Benefits Payable for the details.

45. 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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Income Tax Expense (Continued)

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 years	(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	179,874,216.15	198,029,587.94

46. 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	0.13	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:

	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	698,850,420.51	575,741,812.29
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 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Notes to the Statement of Cash Flows

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Cash received relating to other operating activities		
Interest income from bank deposit	29,922,842.37	17,454,727.14
Government subsidy	7,249,488.08	5,558,016.73
Insurance claims	4,800,247.04	13,221.41
Guarantee deposits	6,000,000.00	-
Others	2,036,148.25	524,216.19
	50,008,725.74	23,550,181.47
Cash paid relating to other operating activities		
Rental expenses	42,087,631.30	68,289,493.69
Dredging costs	1,135,308.96	22,464,356.38
Insurance	21,509,731.72	14,543,671.32
Sanitary charges and afforestation fee	2,231,225.46	8,402,282.43
Office charges and conference expenses	1,396,509.35	4,905,751.70
Travel expenses	2,126,432.84	1,311,047.26
Professional service fee	905,208.48	1,210,235.54
Others	20,620,422.15	17,397,820.93
	92,012,470.26	138,524,659.25
Cash received relating to other investing activities		
Litigation preservation fee received relating to assets	-	15,523,116.22
Cash paid relating to other investing activities		
Payment of pre-operating expenses of subsidiaries	2,390,960.59	-
Cash paid relating to other financing activities		
Payment of input VAT relating to financing activities	180,251.09	-
Payment of lease fee of right-of-use assets	1,962,152.31	3,915,353.36
	2,142,403.40	3,915,353.36

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Supplemental Information to Statement of Cash Flows

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Net profit	670,686,870.04	513,215,628.40
Add: Credit impairment loss	5,211,307.21	3,420,348.14
Fixed assets depreciation	583,012,353.69	584,061,125.35
Right-of-use assets depreciation	6,145,051.23	6,070,330.05
Amortization of intangible assets	32,646,131.37	32,178,679.78
(Increase)/decrease in long-term prepaid expenses	13,884,050.98	(8,213,800.96)
Decrease in deferred income	(16,785,593.46)	(17,669,843.54)
Loss/(gain) on disposal of fixed assets, intangible assets and other long-term assets	264,022.31	(683,884.29)
Financial costs	140,140,078.33	156,147,533.91
Investment income	(109,841,447.24)	(95,061,438.50)
Decrease in deferred income tax assets	17,710,745.20	43,176,542.83
Increase in inventories	(23,218,237.47)	(13,354,637.94)
(Increase)/decrease in other current assets	(10,371,045.28)	20,110,839.30
Increase in operating receivables	(57,109,398.73)	(43,635,379.49)
(Decrease)/increase in operating payables	(7,786,534.70)	69,279,184.16
Increase in special reserve	22,407,771.93	22,679,640.16
Net cash flows from operating activities	1,266,996,125.41	1,271,720,867.36

Major non-cash investing and financing activities:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Endorsed bank acceptance notes received from sale of goods or rendering of services	37,465,653.55	6,400,000.00

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Supplemental Information to Statement of Cash Flows (Continued)

(1) Supplemental information to statement of cash flows (Continued)

Net movements in cash and cash equivalents:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Closing balance of cash	1,960,953,688.74	2,159,998,129.15
Less: Opening balance of cash	2,179,804,887.07	2,115,226,869.17
Net (decrease)/increase in cash and cash equivalents	(218,851,198.33)	44,771,259.98

(2) Information on cash flow relating to lease

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Cash inflow relating to lease	4,116,561.68	3,922,314.16
Cash outflow relating to lease	44,049,783.61	72,204,847.05

(3) Cash and cash equivalents

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Cash	1,960,953,688.74	2,159,998,129.15
Including: Cash on hand	56,693.65	41,079.53
Bank deposits on demand	1,960,896,995.09	2,159,957,049.62
Closing balance of cash and cash equivalents	1,960,953,688.74	2,159,998,129.15

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Assets with Restricted Ownership

	30 June 2021 (Unaudited)	31 December 2020
Cash and bank balances	320,500.00	6,320,500.00
Bills receivable	995,378.00	4,000,000.00
	1,315,878.00	10,320,500.00

As at 30 June 2021, the Group's guarantee expired and the original guarantee deposits were transferred back to the general account of ICBC on 29 June 2021 (31 December 2020: RMB6,000,000.00).

As at 30 June 2021, the Group paid performance deposits of port business contract of RMB320,000.00 (31 December 2020: RMB320,000.00) and other deposits of RMB500.00 (31 December 2020: RMB500.00).

As at 30 June 2021, the bills receivable pledged by the Group to issue bank acceptance notes was RMB995,378.00 (31 December 2020: RMB4,000,000.00), please refer to Note V. 2.

50. Foreign Currency Monetary Items

	30 June 2021 (Unaudited)			31 December 2020		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US\$	6,335,539.20	6.4614	40,936,668.59	6,330,155.58	6.5246	41,302,022.84
HK\$	18,645,220.13	0.8321	15,514,314.77	18,991,017.69	0.8416	15,983,600.12
Other receivables						
US\$	-	-	-	912.50	6.5246	5,953.74
HK\$	1,597.29	0.8321	1,329.07	1,729.61	0.8416	1,455.71
Accounts payable						
HK\$	120,000.00	0.8321	99,849.60	569,000.00	0.8416	478,893.16
Taxes payable						
HK\$	28,147.92	0.8321	23,421.32	28,147.92	0.8416	23,690.42
Other payables						
HK\$	63,240.97	0.8321	52,621.55	63,373.03	0.8416	53,337.48

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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VI. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB' 0000	Percentage of shareholding	
					Direct (%)	Indirect (%)
Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company						
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	Qinhuangdao city	Qinhuangdao city	Loading and unloading services	40,000	55.00	-
Subsidiaries acquired through establishment or investment						
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	180,000	51.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	526,635	97.59	-
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	Cangzhou city	Cangzhou city	Cargo tallying services	500	33.00	23.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	99.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	12,000	65.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	Hong Kong	Hong Kong	International trade	HK\$5,000	100.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	Tangshan city	Tangshan city	Port investment	200,000	56.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd (滄州黃驊港散貨港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	5,000	100.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	Tangshan city	Tangshan city	Cargo tallying services	928	100.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	100.00	-
Hebei Tangshan Caofeidian Jitong Port Co., Ltd (河北唐山曹妃甸冀同港口有限公司)	Tangshan city	Tangshan city	Loading and unloading services	300,000	59.00	-
Subsidiaries acquired through the business combinations under common control						
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司)	Qinhuangdao city	Qinhuangdao city	Cargo tallying services	1,274	84.00	-

Subsidiaries with significant minority interests are as follows:

For the six months ended 30 June 2021 (Unaudited)

	Shareholding as minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of the year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(29,156,345.85)	-	510,216,535.98

2020

	Shareholding as minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of the year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(97,058,215.89)	-	537,237,023.78

NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in Subsidiaries (Continued)

The following table illustrates the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	30 June 2021 (Unaudited)	31 December 2020
Current assets	265,374,557.94	300,461,409.41
Non-current assets	4,872,970,828.04	5,046,486,928.66
Total assets	5,138,345,385.98	5,346,948,338.07
Current liabilities	1,046,216,372.73	992,029,635.35
Non-current liabilities	3,050,870,776.55	3,258,516,613.37
Total liabilities	4,097,087,149.28	4,250,546,248.72

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Revenue	312,855,506.14	221,167,231.32
Net loss	(59,502,746.63)	(131,379,976.94)
Other comprehensive income	3,450,492.49	5,733,259.54
Total comprehensive income	(56,052,254.14)	(125,646,717.40)
Net cash flows from operating activities	201,405,891.34	118,736,292.00

2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB' 0000	Percentage of shareholding (%)		Accounting treatment
					Direct	Indirect	
Joint ventures							
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Tianjin city	Tianjin City	Investment and development	200,000	50.00	-	Equity method
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) (Note 1)	Cangzhou city	Cangzhou city	Loading and unloading services	27,000	10.00	45.00	Equity method
Associates							
Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Qinhuangdao city	Qinhuangdao city	Financial services	150,000	40.00	-	Equity method
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	200,000	35.00	-	Equity method
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Qinhuangdao city	Qinhuangdao city	Energy services	5,000	40.00	-	Equity method
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司) (Note 2)	Handan city	Handan city	Logistic services	1,070,000	-	21.12	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Tangshan city	Tangshan city	Railway construction and operation	140,000	3.23	-	Equity method
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理程理貨有限責任公司)	Tangshan city	Tangshan city	Cargo tallying services	300	-	30.00	Equity method
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Cangzhou city	Cangzhou city	Tugging services	40,573.43	-	35.00	Equity method
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	Ningbo City	Ningbo City	Retail business	1,378.75	15.00	-	Equity method

Note 1: On 27 May 2021, the Group entered into a capital increase agreement with Jinji International Container Terminal Co., Ltd., whereby the Group increased its capital by RMB17,000,000 to Jinji International Container Terminal Co., Ltd., after which the Group's cumulative shareholding in Jinji International Container Terminal Co., Ltd. through direct or indirect shareholding remained at 55%.

Note 2: On 27 April 2021, Cangzhou Huanghuagang Mineral Port Co., Ltd., a subsidiary of the Group, contributed RMB66,000,000 to Handan International Land Port Co., Ltd., which increased the Group's indirect shareholding in Handan International Land Port Co., Ltd. to 21.12%.

NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

The following table sets forth the financial information of Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) (“Bohai Jin-Ji”), a significant joint venture of the Group and Tianjin Port (Group) Co., Ltd. (天津港(集團)有限公司) in consideration of opportunities for strategic development of synergetic development in Beijing, Tianjin and Hebei, which was established in 2014. The Group adopted equity method for accounting as there is no significant difference between the accounting policy of Bohai Jin-Ji and that of the Group.

	30 June 2021 (Unaudited)	31 December 2020
Current assets	39,081,424.41	189,509,209.82
Including: Cash and cash equivalents	39,080,824.41	49,508,609.82
Non-current assets	323,466,283.01	230,592,029.17
Total assets	362,547,707.42	420,101,238.99
Current liabilities	21,425,195.83	21,426,705.35
Non-current liabilities	-	-
Total liabilities	21,425,195.83	21,426,705.35
Owners' equity	341,122,511.59	398,674,533.64
Share of net assets in proportion to shareholding	170,561,255.78	199,337,266.81
Provision for impairment	81,850,806.99	81,850,806.99
Carrying amount of investment	88,710,448.79	117,486,459.82

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Revenue	-	-
Administrative expenses	279,620.27	3,135,923.59
Financial cost – interest income	2,846,621.18	1,367,661.98
Financial cost – interest expense	-	-
Income tax expenses	-	-
Net loss	(57,552,022.05)	(57,683,032.54)
Total comprehensive income	(57,552,022.05)	(57,683,032.54)

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

The following table sets forth the financial information of Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) (“Caofeidian Shiye”) and Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) (“Finance Company”), which are the significant associates of the Group. Located in Caofeidian Port Zone, Caofeidian Shiye was established in 2002 and it provides strong support to the Group for its development into one of the most important port operators in Bohai Rim. Finance Company was established in 2014 and it provides the Group with financial services including deposit-taking, loan-offering and settlement services. The Group adopted equity method for accounting as there is no significant difference between the financial policy of these companies and that of the Group.

30 June 2021 (unaudited)

	Caofeidian Shiye	Finance Company
Current assets	2,501,279,460.95	3,073,252,556.43
Including: Cash and cash equivalents	578,660,111.35	2,349,038,824.86
Non-current assets	4,877,892,435.54	3,010,385,926.18
Total assets	7,379,171,896.49	6,083,638,482.61
Current liabilities	959,562,824.69	4,359,259,058.19
Non-current liabilities	1,236,987,680.76	23,508.92
Total liabilities	2,196,550,505.45	4,359,282,567.11
Minority interest	38,299,505.25	–
Equity attributable to shareholders of the parent	5,144,321,885.79	1,724,355,915.50
Share of net assets in proportion to shareholding	1,800,512,660.04	689,742,366.20
Carrying amount of investment	1,800,512,660.04	689,742,366.20

For the six months ended 30 June 2021 (Unaudited)

	Caofeidian Shiye	Finance Company
Revenue	815,338,524.52	83,903,984.44
Administrative expense	64,305,401.68	8,084,075.36
Financial cost – interest income	3,481,519.60	–
Financial cost – interest expense	31,883,522.64	–
Income tax expenses	79,455,834.44	14,600,385.77
Net profit	321,875,832.35	43,801,157.29
Including: Net profit attributable to the parent	321,896,844.53	43,801,157.29
Other comprehensive income	65,237,261.74	–
Total comprehensive income	387,134,106.27	43,801,157.29
Dividend received	–	13,200,000.00

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

2020

	Caofeidian Shiye	Finance Company
Current assets	2,535,816,942.80	2,292,044,089.14
Including: Cash and cash equivalents	411,396,747.28	1,693,788,469.43
Non-current assets	4,911,920,880.50	3,666,943,592.30
Total assets	7,447,737,823.30	5,958,987,681.44
Current liabilities	1,274,605,755.60	4,249,380,681.05
Non-current liabilities	1,384,000,188.93	23,508.92
Total liabilities	2,658,605,944.53	4,249,404,189.97
Minority interest	38,320,517.43	–
Equity attributable to shareholders of the parent	4,750,811,361.34	1,709,583,491.47
Share of net assets in proportion to shareholding	1,662,783,976.47	683,833,396.59
Carrying amount of investment	1,662,783,976.47	683,833,396.59

For the six months ended 30 June 2020 (unaudited)

	Caofeidian Shiye	Finance Company
Revenue	883,724,391.17	77,874,089.13
Administrative expense	56,777,862.88	7,884,545.30
Financial cost – interest income	2,212,910.45	–
Financial cost – interest expense	45,440,421.15	–
Income tax expenses	95,216,309.67	16,503,891.03
Net profit	296,598,669.73	49,495,311.30
Including: Net profit attributable to the parent	296,841,524.39	49,495,311.30
Other comprehensive income	60,942,407.43	(1,111,353.82)
Total comprehensive income	357,783,931.82	48,383,957.48
Dividend received	–	10,000,000.00

The following table sets forth the aggregated financial information of joint ventures and associates that are insignificant to the Group:

	30 June 2021 (Unaudited)	31 December 2020
Joint ventures		
Total carrying amount of investment	15,867,806.36	5,547,503.36
Total amount of the following items calculated in the Group's equity proportion		
Net loss	(6,679,697.00)	(12,223,167.53)
Total comprehensive income	(6,679,697.00)	(12,223,167.53)
Associates		
Total carrying amount of investment	653,178,860.57	583,014,570.50
Total amount of the following items calculated in the Group's equity proportion		
Net profit	4,164,290.07	12,768,056.73
Total comprehensive income	4,164,290.07	12,768,056.73

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

30 June 2021 (unaudited)

Financial assets

	At amortized cost	Financial assets at fair value through other comprehensive income		Total
		Requirements of standards	Designed	
Cash and bank balances	4,321,774,188.74	–	–	4,321,774,188.74
Bills receivable	168,810,943.72	–	–	168,810,943.72
Accounts receivable	69,756,530.44	–	–	69,756,530.44
Other receivables	51,068,460.04	–	–	51,068,460.04
Other investments in equity instruments	–	–	848,589,691.03	848,589,691.03
	4,611,410,122.94	–	848,589,691.03	5,459,999,813.97

Financial liabilities

	Financial liabilities carried at amortized cost
Short-term borrowings	400,380,277.76
Bills payable	200,000.00
Accounts payable	299,791,566.79
Other payables	1,128,410,654.88
Non-current liabilities due within one year	907,044,526.02
Long-term payables	88,000,000.00
Long-term borrowings	5,922,548,644.98
	8,746,375,670.43

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial Instruments by Category (Continued)

31 December 2020

Financial assets

	At amortized cost	Financial assets at fair value through other comprehensive income		Total
		Requirements of standards	Designed	
Cash and bank balances	3,554,825,387.07	-	-	3,554,825,387.07
Bills receivable	158,493,277.00	-	-	158,493,277.00
Accounts receivable	58,344,006.76	-	-	58,344,006.76
Other receivables	53,522,988.81	-	-	53,522,988.81
Other investments in equity instruments	-	-	787,081,978.59	787,081,978.59
	3,825,185,659.64	-	787,081,978.59	4,612,267,638.23

Financial liabilities

	Financial liabilities carried at amortized cost
Short-term borrowings	322,940,547.75
Bills payable	3,169,300.00
Accounts payable	185,335,672.51
Other payables	656,474,479.98
Non-current liabilities due within one year	726,958,673.79
Long-term payables	138,000,000.00
Long-term borrowings	5,886,790,644.98
	7,919,669,319.01

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For the six months ended 30 June 2021

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Transfer of Financial Assets

Continuing involvement in transferred financial assets derecognized generally

As at 30 June 2021, the Group has endorsed unexpired bank acceptance notes of RMB9,610,817.00 (31 December 2020: RMB63,031,357.26) to suppliers to settle the amounts payable. If acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered that the acceptance banks of these notes were four major state-owned banks in the PRC or other joint-stock banks, and the potential risk of being subject to recourse due to the banks' inability to pay was low. Therefore, the Group has derecognized carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

The Group recognized the profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to Continuing Involvement of financial assets which had been derecognized. The endorsement happens evenly throughout the period.

3. Risks Arising from Financial Instruments

The Group has exposure to the following main risks from its use of financial instruments during the ordinary course of business: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). Financial instruments of the Group mainly include cash and bank balances, equity investments, borrowings, lease liabilities, bills receivable, accounts receivable and accounts payable, etc.. The risks arising from such financial instruments and risk management policies adopted by the Group to minimize such risks are summarized below.

The board of directors is responsible for planning and establishing the Group's risk management framework, developing the Group's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Group has developed risk management policies to identify and analyze the risks faced by the Group. These risk management policies define specific risks which cover many aspects such as market risk, credit risk and liquidity risk management. The Group evaluates the market environment and changes in the Group's operations to determine whether to update the risk management policies and systems on a regular basis. The various functional departments of the Group are responsible for implementing the requirements of the board of directors in respect of the comprehensive risk management work. The audit committee discusses and evaluates the Group's risk management controls and procedures on a regular basis, and submits the audit results to the board of directors of the Group.

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

Because the counterparties of the cash and bank balances and bank acceptance bills receivables are the well-established banks with high credit ratings, the credit risk of these financial instruments is lower.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, bills receivable, accounts receivable and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 30 June 2021, there is a concentration of specific credit risk within the Group as 32% and 57% (31 December 2020: 26% and 59%) of the Group's accounts receivables were due from the largest and five largest customers. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Credit risk (Continued)

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, the external credit rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met:

- Quantitative criteria are mainly that the increase in remaining lifetime probability of default at the reporting date is considered significant comparing with the one at initial recognition;
- Qualitative criteria are that significant adverse change in debtor's operation or financial status, the watch-list, etc.

Definition of credit-impaired financial asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Credit risk (Continued)

Parameters of ECL measurement

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss with ECL of the entire lifetime. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as counterparty rating, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information.

The relevant definitions are set out below:

- PD refers to the possibility that the debtor will not be able to fulfill its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the historical mobility rate model of accounts receivables, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- EAD is the amount that the Company should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL.

As at 30 June 2021 and 31 December 2020, the Group made provisions for the expected credit loss rate for bad debt of receivables based on the next 12 months or entire remaining lifetime credit loss. Please refer to Note V. 3 Accounts Receivable (entire remaining lifetime) and Note V. 4 Other Receivables.

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For the six months ended 30 June 2021

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Liquidity risk

The Group manages its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and expected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means, such as bank borrowings and finance lease. As at 30 June 2021, approximately 17% (31 December 2020: 15%) of the Group's interest-bearing liabilities are due within one year.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

30 June 2021 (unaudited)

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	-	405,212,305.54	-	-	405,212,305.54
Accounts payable	-	299,791,566.79	-	-	299,791,566.79
Bills payable	-	200,000.00	-	-	200,000.00
Other payables	473,324,590.86	655,086,064.02	-	-	1,128,410,654.88
Non-current liabilities due within one year	-	907,044,526.02	-	-	907,044,526.02
Long-term borrowings	-	264,240,419.35	4,204,262,477.00	2,877,177,550.52	7,345,680,446.87
Long-term payables	-	-	58,000,000.00	30,000,000.00	88,000,000.00
	473,324,590.86	2,531,574,881.72	4,262,262,477.00	2,907,177,550.52	10,174,339,500.10

31 December 2020

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	-	330,229,718.56	-	-	330,229,718.56
Accounts payable	-	185,335,672.51	-	-	185,335,672.51
Bills payable	-	3,169,300.00	-	-	3,169,300.00
Other payables	27,682,770.78	628,791,709.20	-	-	656,474,479.98
Non-current liabilities due within one year	-	741,549,808.66	-	-	741,549,808.66
Long-term borrowings	-	266,288,390.95	4,601,581,333.91	2,393,367,880.61	7,261,237,605.47
Long-term payables	-	-	108,000,000.00	30,000,000.00	138,000,000.00
	27,682,770.78	2,155,364,599.88	4,709,581,333.91	2,423,367,880.61	9,315,996,585.18

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For the six months ended 30 June 2021

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing liabilities with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on net profit or loss (through the impact on floating rate borrowings) and other comprehensive income net of tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

30 June 2021 (unaudited)

	Increase/(decrease) in basis points	Increase/(decrease) in net profit or loss	Increase/(decrease) in other comprehensive income, net of tax	Total increase/(decrease) in shareholder's equity
RMB	50	(24,878,017.49)	–	(24,878,017.49)
RMB	(50)	24,878,017.49	–	24,878,017.49

2020

	Increase/(decrease) in basis points	Increase/(decrease) in net profit or loss	Increase/(decrease) in other comprehensive income, net of tax	Total increase/(decrease) in shareholder's equity
RMB	50	(24,733,809.35)	–	(24,733,809.35)
RMB	(50)	24,733,809.35	–	24,733,809.35

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Market risk (Continued)

Exchange rate risk

The Group's exposure to the exchange rate risk relates primarily to the Group's foreign currency bank deposits and dividend payable. The table below is a sensitivity analysis of exchange rate risk. It reflects the impact on net profit or loss and other comprehensive income net of tax when a reasonably possible change in exchange rate of HK\$ and US\$ occurred, with all other variables held constant.

30 June 2021 (unaudited)

	Increase/(decrease) in exchange rates	Increase/(decrease) in net profit or loss	Increase/(decrease) in other comprehensive income, net of tax	Total increase/(decrease) in shareholder's equity
If the RMB strengthens against the HK\$	1%	(104,097.57)	(10,950.57)	(115,048.14)
If the RMB strengthens against the US\$	1%	(307,025.01)	-	(307,025.01)
If the RMB weakens against the HK\$	(1%)	104,097.57	10,950.57	115,048.14
If the RMB weakens against the US\$	(1%)	307,025.01	-	307,025.01

2020

	Increase/(decrease) in exchange rates	Increase/(decrease) in net profit or loss	Increase/(decrease) in other comprehensive income, net of tax	Total increase/(decrease) in shareholder's equity
If the RMB strengthens against the HK\$	1%	(104,573.38)	(11,145.13)	(115,718.51)
If the RMB strengthens against the US\$	1%	(309,809.82)	-	(309,809.82)
If the RMB weakens against the HK\$	(1%)	104,573.38	11,145.13	115,718.51
If the RMB weakens against the US\$	(1%)	309,809.82	-	309,809.82

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

4. Capital Management

The primary objective of the Group's capital management is to ensure the Group's ability to operate as a going concern and maintain healthy capital structure so as to support business growth and maximize shareholder value.

The Group makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. For the six months ended 30 June 2021 and 2020, there was no change in the Group's capital management objectives, policies or processes.

The Group manages its capital using leverage ratio, which is calculated by dividing net debts by the sum of adjusted capital and net debts. Net debts include bills payable, accounts payable, other payables, short-term borrowings, non-current liabilities due within one year, long-term borrowings, lease liabilities and long-term payables less cash and bank balances. It is the Group's policy to maintain its leverage ratio between 30% and 60%. The Group's net debt to equity ratio as at the balance sheet dates is as follows:

	30 June 2021 (Unaudited)	31 December 2020
Bills payable	200,000.00	3,169,300.00
Accounts payable	299,791,566.79	185,335,672.51
Other payables	1,146,413,581.56	674,477,406.66
Short-term borrowings	400,380,277.76	322,940,547.75
Non-current liabilities due within one year	907,044,526.02	726,958,673.79
Long-term borrowings	5,922,548,644.98	5,886,790,644.98
Lease liabilities	312,579.94	452,512.09
Long-term payables	88,000,000.00	138,000,000.00
Less: Cash and bank balances	4,321,774,188.74	3,554,825,387.07
Net debt	4,442,916,988.31	4,383,299,370.71
Equity attributable to shareholders of the parent	15,648,217,685.78	15,216,180,502.61
Capital and net debt	20,091,134,674.09	19,599,479,873.32
Net debt to equity ratio	22%	22%

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For the six months ended 30 June 2021
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VIII. DISCLOSURE OF FAIR VALUE

1. Assets and Liabilities Measured at Fair Value

30 June 2021 (unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Other equity instrument investment	-	-	848,589,691.03	848,589,691.03

31 December 2020

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Other equity instrument investment	-	-	787,081,978.59	787,081,978.59

2. Financial Liabilities Disclosed at Fair Value

30 June 2021 (unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term borrowings	-	-	5,922,548,644.98	5,922,548,644.98
Lease liabilities	-	-	312,579.94	312,579.94
Long-term payables	-	-	88,000,000.00	88,000,000.00
	-	-	6,010,861,224.92	6,010,861,224.92

31 December 2020

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term borrowings	-	-	5,886,790,644.98	5,886,790,644.98
Lease liabilities	-	-	452,512.09	452,512.09
Long-term payables	-	-	138,000,000.00	138,000,000.00
	-	-	6,025,243,157.07	6,025,243,157.07

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

VIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Fair Value Estimation

Management has assessed cash and bank balances, bills receivable, accounts receivable, other receivables, short-term borrowings, accounts payable and non-current liabilities due within one year etc., and considers that their fair values approximate their carrying amounts due to the short-term maturities of these instruments. The fair values of long-term borrowings approximate their carrying amounts due to their floating interest rates.

The Group's finance team is led by the finance manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the audit committee. At each balance sheet date, the finance team analyzes movements in the fair value of financial instruments and determines the major inputs applicable to the valuation. The valuation must be reviewed and approved by the finance manager. For the purpose of preparing interim and annual financial statements, the finance team meets the audit committee twice a year to discuss the valuation procedures and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of long-term and short-term borrowings and lease liabilities are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2021 and 31 December 2020, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

For the fair value of investment in unlisted equity instrument, the Group estimated and quantified the potential impact of using other reasonable and probable assumptions as inputs to the valuation model: with the use of less favorable assumptions, the fair value is reduced by approximately RMB80,839,931.49; with the use of more favorable assumption, the fair value increased by approximately RMB80,839,931.49.

4. Unobservable inputs

Below is a summary of the significant unobservable inputs to the fair value measurement of level 3:

	Fair value at the end of period (unaudited)	Valuation techniques	Unobservable inputs (weighted average)	Range
Equity instrument investments	30 June 2021: 848,589,691.03	Listed company comparison method	Liquidity discount	For the six months ended 30 June 2021: 19%-22%
	31 December 2020: 787,081,978.59	Listed company comparison method	Liquidity discount	2020: 19%-22%

5. Reconciliation of fair value measurement

The reconciliation of the fair value measurement of level 3 held is as follows:

30 June 2021 (unaudited)

	Total profit or loss for the current period					Changes in unrealized gains or losses of the current period of the assets held at the end of the period included in profit or loss
	Opening balance	Included in profit or loss	Included in other comprehensive income	Increase for the current period	Closing balance	
Other equity instrument investments	787,081,978.59	-	61,507,712.44	-	848,589,691.03	-

31 December 2020

	Total profit or loss for the current year					Changes in unrealized gains or losses of the current year of the assets held at the end of the year included in profit or loss
	Opening balance	Included in profit or loss	Included in other comprehensive income	Increase for the current year	Closing balance	
Other equity instrument investments	768,793,162.66	-	(5,711,184.07)	24,000,000.00	787,081,978.59	-

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For the six months ended 30 June 2021
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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

1. Parent Company

	Place of Registration	Nature of business	Registered capital RMB	Proportion of shareholding (%)	Proportion of votes (%)
HPG	Tangshan city	Integrated port service	8 billion	54.27	54.27

HPG is the ultimate holding company of the Company.

2. Subsidiaries

For details of the subsidiaries, please refer to Note VI. 1.

3. Joint Ventures and Associates

For details of the joint ventures and associates, please refer to Note VI. 2.

NOTES TO FINANCIAL STATEMENTS

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

4. Other Related Parties

Company name	Relationship with related parties
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group City Construction and Development Co., Ltd. (河北港口集團城市建設發展有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方園港灣工程監理有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Shenggang Real Estate Development Co., Ltd. (秦皇島盛港房地產開發有限公司)	A subsidiary of the controlling shareholder
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區之海船務代理有限公司)	A subsidiary of the controlling shareholder
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	A subsidiary of the controlling shareholder
HPG Real Estate Development Co., Ltd. (河北港口集團房地產開發有限公司)	A subsidiary of the controlling shareholder
Jigang Financial leasing (Tianjin) Co., Ltd. (冀港融資租賃(天津)有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	A subsidiary of the controlling shareholder
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone United International Shipping Agency Co., Ltd. (唐山曹妃甸工業區聯合國際船舶代理有限公司)	A subsidiary of the controlling shareholder
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Hegang Kaiyuan Hotel Management Co., Ltd. (秦皇島河港開元酒店管理有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Kaifu Industrial Development Co., Ltd. (秦皇島開埠實業發展有限公司)	Other enterprises affected by the controlling shareholder
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Same key management personnel *
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Same key management personnel *
Qinhuangdao Bank Co., Ltd. (秦皇島銀行股份有限公司)	Same key management personnel **

* Director of the Company is also director of the company.

** Supervisor of the Company is also director of the company.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services (Note 1)	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Transactions with the parent company			
HPG	Integrated service (Note 2)	4,770,863.48	18,884,421.11
Transactions with other related parties			
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Repair and maintenance service	79,541,399.84	75,195,124.91
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Construction service	18,958,315.67	6,985,010.20
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Logistics service	11,431,577.07	9,185,167.53
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Repair and maintenance, examination and test services	2,216,994.20	6,434,072.10
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Asset purchase	1,265,987.89	6,095,191.57
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	Logistics service	146,605.22	24,467.00
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	Repair service	61,946.90	-
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Logistics service	47,169.81	33,113.21
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	Logistics service	8,700.00	967,040.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	Construction service	3,550.79	-
Hebei Port Group City Construction and Development Co., Ltd. (河北港口集團城市建設發展有限公司)	Logistics service	500.00	-
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Logistics service	-	1,698,113.16
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	Asset purchase	-	53,500.00
Qinhuangdao Shenggang Real Estate Development Co., Ltd. (秦皇島盛港房地產開發有限公司)	Asset purchase	-	30,400.00
Qinhuangdao Hegang Kaiyuan Hotel Management Co., Ltd. (秦皇島河港開元酒店管理有限公司)	Logistics service	-	5,528.00
		113,682,747.39	106,706,727.68
		118,453,610.87	125,591,148.79

Note 1: Purchase of goods and receipt of services from related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

Note 2: Integrated service represents the General Services Agreement entered into by the Group and HPG to provide service to the Group. The scope of services includes office leasing, port engineering maintenance, supervising, maintenance and repair of equipment, water and electricity, heat supply and communication etc.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(1) Transactions concerning goods and services with related parties (Continued)

Sales of goods and render of services to related parties

	Type of goods or services (Note)	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Transactions with the parent company			
HPG	Electricity supply service	2,649,295.75	1,992,428.57
Transactions with joint ventures and associates			
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	Labor services	262,333.96	-
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	Electricity supply service	-	1,828,849.09
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Labor and electricity supply service	-	134,839.75
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Labor services	-	101,084.84
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Electricity supply, labor services and sampling services	-	52,708.27
		262,333.96	2,117,481.95
Transactions with other related parties			
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	Sales of goods	26,575,572.55	25,232,125.41
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	Sales of goods and tallying service	10,034,461.46	6,597,801.91
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	draft survey service	1,945,408.03	1,674,945.57
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	tallying service	647,037.73	-
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	Electricity supply service	403,531.67	175,723.94
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Labor and electricity supply service	285,403.72	230,809.40
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Electricity supply service	126,235.27	212,322.73
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Electricity supply service	90,546.63	255,491.86
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Electricity supply service	47,343.60	37,312.26
Qinhuangdao Kaifu Industrial Development Co., Ltd. (秦皇島開埠實業發展有限公司)	Electricity supply service	37,238.65	-
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方園港灣工程監理有限公司)	Electricity supply service	20,683.62	128,208.62
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Electricity supply service	12,177.86	9,979.09
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	Electricity supply service	2,654.51	37,280.79
Jigang Financial leasing (Tianjin) Co., Ltd. (冀港融資租賃(天津)有限公司)	Electricity supply service	987.54	-
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Sales of goods	-	1,088,422.65
Hebei Port Group City Construction and Development Co., Ltd. (河北港口集團城市建設發展有限公司)	Sales of goods	-	649,682.28
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Electricity supply service and loading and unloading service	-	558,272.23
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Electricity supply service	-	128,704.42
		40,229,282.84	37,017,083.16
		43,140,912.55	41,126,993.68

Note: Sale of goods and render of services to related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(2) Leases with related parties

As lessor

	Category of Leased assets	Rental income for the six months ended 30 June 2021 (Unaudited)	Rental income for the six months ended 30 June 2020 (Unaudited)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	Storage facilities	650,047.62	-
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Building	293,653.34	40,261.90
HPG Real Estate Development Co., Ltd. (河北港口集團房地產開發有限公司)	Building	102,385.32	-
Zhejiang Yuehua Energy Inspection Co., Ltd. (浙江越華能源檢測有限公司)	Building	90,248.55	61,630.28
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Heating pipeline usage fee	36,309.52	95,710.22
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	Building	16,819.57	-
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Heating pipeline usage fee	12,380.95	17,166.67
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Machinery and equipment	-	55,071.78
Total		1,201,844.87	269,840.85

As lessee

	Category of Leased assets	Rental expense for the six months ended 30 June 2021 (Unaudited)	Rental expense for the six months ended 30 June 2020 (Unaudited)
HPG	Buildings and harbor facilities	40,218,095.40	40,217,021.27
HPG	Office buildings	10,933,046.18	8,325,372.12
HPG	Land use right	5,419,323.13	5,406,127.52
HPG	Machinery and equipment	3,340,170.12	2,761,702.11
HPG	Vehicle	-	77,618.08
Qinhuangdao Shenggang Real Estate Development Co., Ltd. (秦皇島盛港房地產開發有限公司)	Building	1,047,619.05	1,047,619.05
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Equipment	158,726.15	222,477.07
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Office buildings	-	11,428.30
Total		61,116,980.03	58,069,365.52

The Group and HPG entered into the lease contracts, pursuant to which the Group leased the land, buildings and port facilities from HPG for production and operation.

The rentals from the assets leased out to or leased from related parties by the Group are based on the terms of the agreements entered into between the Group and related parties.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(3) Borrowings from related parties

Capital borrowing

For the six months ended 30 June 2021 (unaudited)

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	3.20%	2021/1/13	2022/1/12
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	3.20%	2021/4/9	2022/4/8
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	30,000,000.00	3.20%	2021/5/20	2022/5/19
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	1,000,000.00	1-year LPR quoted interest rate minus 14 basis points	2021/6/15	2021/12/15
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	1,000,000.00	1-year LPR quoted interest rate minus 14 basis points	2021/6/15	2022/6/15
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	1,000,000.00	1-year LPR quoted interest rate minus 14 basis points	2021/6/15	2022/12/15
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	47,000,000.00	1-year LPR quoted interest rate minus 14 basis points	2021/6/15	2023/6/14
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	35,000,000.00	4.65%	2021/5/28	2026/5/27
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	15,000,000.00	4.65%	2021/6/4	2026/6/3
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	5,000,000.00	4.65%	2021/6/4	2026/6/3
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	5,000,000.00	4.65%	2021/6/11	2026/6/10
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	20,000,000.00	4.65%	2021/6/29	2026/6/28

For the six months ended 30 June 2020 (unaudited)

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	30,000,000.00	5-year LPR quoted interest rate minus 25 basis points	2020/4/21	2030/4/20
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	2,149,000.00	6.00%	2020/1/19	2021/1/13
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	433,895.00	6.00%	2020/5/11	2021/5/6

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(3) Borrowings from related parties (Continued)

Capital Repayment

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	61,100,000.00	28,000,000.00
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	2,582,895.00	–
	63,682,895.00	28,000,000.00

Interest expenses paid

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	14,281,682.31	12,701,888.53
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	250,358.34	717,074.95
	14,532,040.65	13,418,963.48

(4) Key management personnel

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Remuneration for key management personnel	2,216,529.15	2,439,481.28

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(5) Transactions with other related parties

Trademark use right

In December 2008, the Company entered into an agreement with HPG, pursuant to which, the Company had the exclusive right to use HPG's trademark for free with a term of ten years commencing on 31 March 2008. Upon expiry, it will unconditional automatically renew for ten years until maturity at 31 March 2028.

Deposits in related parties

As at 30 June 2021, the balance of the Group's deposits in Hebei Port Group Finance Company Limited amounted to RMB3,643,556,327.82 (31 December 2020: RMB3,008,249,859.54). The interest income received from the Hebei Port Group Finance Company Limited amounted to RMB26,446,466.60 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB14,193,433.02).

As at 30 June 2021, the balance of the Group's deposits in Qinhuangdao Bank Co., Ltd. amounted to RMB22,524.65 (31 December 2020: RMB22,484.85). The interest income received from Qinhuangdao Bank amounted to RMB39.80 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB9,554.76).

Agency business

Related agencies accept the port services provided by the Group on behalf of non-related third parties shipping companies, and pay port services fee on behalf of these shipping companies to the Group. Relevant agencies derive service income from non-related third parties they serve. Below are the amount settled between related agencies serving non-related third parties and the Group:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	62,260,556.85	115,282,346.49
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	28,513,152.70	22,635,796.27
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	16,616,559.53	24,648,757.83
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	16,358,200.95	26,453,883.94
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	1,718,891.54	1,762,243.41
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	108,932.96	119,411.35
Tangshan Caofeidian Industrial Zone United International Shipping Agency Co., Ltd. (唐山曹妃甸工業區聯合國際船舶代理有限公司)	2,889.62	1,167.92
	125,579,184.15	190,903,607.21

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

6. Commitments Made between the Group and Related Parties

Capital commitments

	30 June 2021 (Unaudited)	30 June 2020
Contracted, but not provided for		
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	20,007,164.84	4,330,591.40
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	2,488,826.00	3,237,163.83
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	105,200.00	–
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	13,968.00	3,696.00
	22,615,158.84	7,571,451.23

Investment commitments

	30 June 2021 (Unaudited)	31 December 2020
Contracted, but not provided for		
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	600,000,000.00	600,000,000.00
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	540,000,000.00	540,000,000.00
	1,140,000,000.00	1,140,000,000.00

Lease commitments

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year (including 1 year)	62,932,527.72	71,723.00

Pursuant to the relevant lease contracts, the aforementioned minimum lease payments under non-cancellable leases on 30 June 2021 mainly include rentals payable by the Company to HPG in respect of the lease of lands, buildings, facilities and equipment etc., with an annual rental of RMB62,932,527.72. The rental payable by the Group to the related parties for the lease assets is based on the terms of the agreement entered between the Group and related parties.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

7. Balances of Accounts Due from Related Parties

	30 June 2021 (Unaudited)		31 December 2020	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable				
Due from the parent company				
HPG	9,411.00	470.55	866,900.87	46,219.54
Due from joint ventures and associates				
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,055,873.80	52,793.69	1,812,327.69	92,573.88
Due from other related parties				
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,319,431.00	315,971.55	6,474,235.00	323,711.75
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	3,925,633.17	196,281.66	6,933,887.00	346,694.35
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	3,288,734.00	164,436.70	531,010.00	26,550.50
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	2,398,262.00	119,913.10	1,138,933.00	56,946.65
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	1,447,346.79	72,367.34	–	–
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	386,427.45	19,321.37	358,537.59	17,926.88
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	96.00	4.80	–	–
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	–	–	26,094.00	1,304.70
	17,765,930.41	888,296.52	15,462,696.59	773,134.83
	18,831,215.21	941,560.76	18,141,925.15	911,928.25
Other receivables				
Due from the parent company				
HPG	100,000.00	100,000.00	100,000.00	30,000.00
Due from joint venture and associate				
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	21,425,195.83	9,604,442.83	21,425,195.83	6,227,084.83
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	12,279,487.89	796,660.37	9,843,949.40	539,485.32
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	54,729.12	2,736.46	–	–
	33,759,412.84	10,403,839.66	31,269,145.23	6,766,570.15

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

7. Balances of Accounts Due from Related Parties (Continued)

	30 June 2021(unaudited)		31 December 2020	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables				
Due from other related parties				
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	1,378,290.00	4,594,300.00	459,430.00
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	546,332.90	27,316.64	310,495.46	15,524.77
	5,140,632.90	1,405,606.64	4,904,795.46	474,954.77
	39,000,045.74	11,909,446.30	36,273,940.69	7,271,524.92
Prepayments				
Advances to parent company				
HPG	264,486.09	–	161,504.25	–
Due from joint ventures and associates				
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	310,500.00	–	–	–
Advances to other related parties				
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	780,000.00	–	–	–
	1,354,986.09	–	161,504.25	–

Accounts due from related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8. Balances of Accounts Due to Related Parties

	30 June 2021 (unaudited)	31 December 2020
Accounts payable		
Due to the parent company		
HPG	20,361,941.30	137,595.81
Due to other related parties		
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	60,895,033.19	59,370,345.63
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	6,720,839.87	38,292,714.68
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	3,930,302.40	7,282,627.04
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	599,273.59	2,824,735.09
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	388,940.00	477,366.65
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	–	446,162.00
	72,534,389.05	108,693,951.09
	92,896,330.35	108,831,546.90
Other payables		
Due to the parent company		
HPG	25,611,910.51	18,272,658.07
Due to associates		
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	1,600,000.00	–
Zhejiang Yuehua Energy Inspection Co., Ltd. (浙江越華能源檢測有限公司)	50,000.00	–
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理程理貨有限責任公司)	8,808.60	9,052.44
	1,658,808.60	9,052.44
Due to other related parties		
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	81,020,655.00	113,981,140.10
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	5,196,943.20	8,464,750.11
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	35,134.00	212,914.00
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	6,500.00	36,500.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	2,464.00	–
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	–	520,000.00
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	–	50,000.00
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	–	40,000.00
	86,261,696.20	123,305,304.21
	113,532,415.31	141,587,014.72

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For the six months ended 30 June 2021

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8. Balances of Accounts Due to Related Parties (Continued)

	30 June 2021 (unaudited)	31 December 2020
Contract Liabilities		
Advance from associates		
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	5,938.61	24,923.86
Advance from other related parties		
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	3,909,163.50	11,218,340.07
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	750,208.50	3,993,255.82
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	193,319.49	208,788.49
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	10,947.00	7,411.00
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區之海船務代理有限公司)	3,440.00	3,440.00
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區聯合國際船舶代理有限公司)	2,139.00	1,702.00
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	–	610,094.01
	4,869,217.49	16,043,031.39
	4,875,156.10	16,067,955.25
Lease liabilities		
The parent company		
HPG	6,707,235.98	8,528,594.79
Short-term borrowings		
Loans to associates		
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	300,000,000.00	170,000,000.00
Loans to other related parties		
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	–	2,582,895.00
Long-term borrowings		
Loans to associates		
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	607,900,000.00	619,000,000.00
Loans to other related companies		
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	80,000,000.00	–

Accounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment except short-term borrowings and long-term borrowings.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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X. COMMITMENTS

	30 June 2021 (unaudited)	31 December 2020
Contracted, but not provided for		
Investment commitments	1,140,000,000.00	1,140,000,000.00
Capital commitments	899,937,358.59	1,035,945,533.68
	2,039,937,358.59	2,175,945,533.68

XI. EVENTS AFTER THE BALANCE SHEET

As at the approval date of the financial statements, the Group has no events after the balance sheet date to be disclosed.

XII. OTHER IMPORTANT ITEMS

1. Segment Reporting

Operating segments

The Group is primarily engaged in provision of integrated port services for customers. The Management monitors the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

Other information

Information about products and services

For the revenue classified by category, please refer to Note V. 34.

Geographical information

100% of the Group's operations and customers are located in Mainland China; 100% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

Information about major customers

The revenue of RMB396,548,479.29 (for the six months ended 30 June 2020: RMB403,709,194.34) that reached or exceeded 10% of the revenue of the Group generated from one customer (for the six months ended 30 June 2020: one).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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XII. OTHER IMPORTANT ITEMS (CONTINUED)

2. Leases

(1) As lessor

The Group uses some port facilities such as stockpiling and machinery equipment for leasing to form operating leases with a term of one year. Pursuant to leasing contracts, rentals shall be adjusted annually according to market situations. The Group recorded income from leasing out port facilities of RMB4,116,561.68 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB3,922,314.16), details of which are set out in Note V. 34. Leasing of port facilities is set out in the item "Fixed assets", details of which are set out in Note V. 9.

Operating leases: according to the lease contracts entered into with lessees, the minimum lease payments under non-cancelable leases are as follows:

	30 June 2021 (unaudited)	31 December 2020
Within 1 year (including 1 year)	1,569,434.18	2,137,221.08
1-2 years (including 2 years)	472,757.69	674,969.00
2-3 years (including 3 years)	226,172.69	315,281.00
Over 3 years	226,172.69	452,346.00
	2,494,537.25	3,579,817.08

Fixed assets leased under operating leases are mainly port facilities such as stockpiling and machinery equipment leased out by the Group under the lease contracts renewed on a yearly basis, please refer to Note V.9.

(2) As lessee

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Interest expenses on lease liabilities	191,543.80	355,090.37
Minimum lease payments profit or loss with simplified processing included in	69,645,348.80	66,650,654.81
Lease payments of low value asset with simplified processing included in profit or loss (other than short-term leases)	25,834.74	55,310.74
Total cash outflow relating to lease	44,049,783.61	72,204,847.05

The leased assets of the Group include premises, buildings, port facilities and machinery equipment used in operation, with the lease term of generally one year. Leasing contracts generally stipulate that the Group cannot sublease the leased assets. Some lease contracts include options for renewal and termination. The options for renewal cover the terms of the period.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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XII. OTHER IMPORTANT ITEMS (CONTINUED)

2. Leases (Continued)

(2) As lessee (Continued)

Leases committed but not yet commenced

Expected future cash outflow of leases committed but not yet commenced of the Group is as follows:

	30 June 2021 (unaudited)	31 December 2020
Within 1 year (including 1 year)	63,038,527.72	71,723.00
1-2 years (including 2 years)	452,916.00	71,723.00
2-3 years (including 3 years)	–	71,723.00
Over 3 years	–	143,446.00
	63,491,443.72	358,615.00

Other information on leases

Please refer to Note V. 11 for details of right-of-use assets; please refer to Note III. 26 for details of simplified processing of short-term leases and leases of low-value assets; please refer to Note V. 24 for details of lease liabilities.

3. Remunerations of Directors, Supervisors and Senior Management

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Fees	100,000.00	200,000.00
Other emoluments:		
Salaries and allowances	1,824,323.08	1,829,429.30
Pension scheme contributions	292,206.07	410,051.98
	2,116,529.15	2,239,481.28
	2,216,529.15	2,439,481.28

(1) Independent non-executive Directors

The fees paid to independent non-executive Directors during the period were as follows:

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
HOU Shujun	25,000.00	50,000.00
ZANG Xiuqing	25,000.00	50,000.00
CHEN Ruihua	25,000.00	50,000.00
XIAO Zuhe	25,000.00	50,000.00
	100,000.00	200,000.00

There were no other remunerations payable to the independent non-executive Directors during the period (for the six months ended 30 June 2020: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Remunerations of Directors, Supervisors and Senior Management

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Salaries and allowances:		
Executive Directors:		
CAO Ziyu	–	–
WANG Lubiao	–	–
MA Xiping	258,268.72	242,612.60
YANG Wensheng	179,225.70	255,945.91
	437,494.42	498,558.51
Non-executive Directors:		
XIAO Xiang	–	–
LI Jianping	–	–
LIU Guanghai	–	–
	–	–
Supervisors:		
CAO Dong	210,450.08	183,299.54
BIAN Yingzi	–	–
BU Zhouqing	–	–
CHEN Linyan	254,147.28	181,741.76
MENG Bo	–	–
	464,597.36	365,041.30

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Remunerations of Directors, Supervisors and Senior Management (Continued)

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Pension scheme contributions :		
Executive Directors:		
CAO Ziyu	-	-
MA Xiping	37,802.49	54,194.81
YANG Wensheng	37,802.49	57,531.49
	75,604.98	111,726.30
Non-executive Directors:		
XIAO Xiang	-	-
LI Jianping	-	-
LIU Guanghai	-	-
	-	-
Supervisors:		
CAO Dong	36,421.62	41,381.13
BIAN Yingzi	-	-
BU Zhouqing	-	-
CHEN Linyan	36,487.32	41,245.02
MENG Bo	-	-
	72,908.94	82,626.15

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
RMB

XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(3) Senior Management

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Salaries and allowances:		
HE Zhenya	–	242,809.05
NIE Yuzhong	258,268.72	242,074.00
GUO Xikun*	166,628.10	241,797.27
CHEN Lixin	243,318.86	239,149.17
XIA Zhixin	254,015.62	–
	922,231.30	965,829.49
Pension scheme contributions:		
HE Zhenya	–	58,919.40
NIE Yuzhong	37,802.49	53,494.81
GUO Xikun*	31,504.15	53,728.14
CHEN Lixin	37,802.49	49,557.18
XIA Zhixin	36,583.02	–
	143,692.15	215,699.53

* GUO Xikun resigned as Vice President and Chief Financial Officer of the Company in May 2021 and will not hold any position in the Company after his resignation.

There was no agreement under which a director, supervisor or senior management waived or agreed to waive any remuneration during the period (for the six months ended 30 June 2020: Nil).

4. Five Highest Paid Senior Management

For the six months ended 30 June 2021, the five highest paid employees included one (for the six months ended 30 June 2020: two) Director and one (for the six months ended 30 June 2020: Nil) Director, details of whose remuneration are set out in Note XII. 3. Remunerations of Directors, Supervisors and Senior Management. Details of remunerations of the remaining three non-director (for the six months ended 30 June 2020: three), supervisor and employees during the period are as follows:

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

4. Five Highest Paid Senior Management (Continued)

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Salaries and allowances	755,603.20	726,680.32
Pension scheme contributions	112,188.00	166,142.35
	867,791.20	892,822.67

The number of non-directors and non-supervisors whose remunerations fell within the following bands is as follows:

	Number of employees	
	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Nil to RMB1,000,000	3	3

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Account Receivables

The credit period of accounts receivable is usually not more than 90 days and interest free.

An ageing analysis of the accounts receivable is as follows:

	30 June 2021 (unaudited)	31 December 2020
Within 1 year	38,963,236.33	35,493,746.55
1-2 years	4,486,854.95	2,056,941.42
2 to 3 years	586,886.75	–
Over 3 years	2,471,077.43	2,471,077.43
	46,508,055.46	40,021,765.40
Less: Provision for bad debts	5,043,990.78	4,451,458.90
	41,464,064.68	35,570,306.50

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Account Receivables (Continued)

	30 June 2021(unaudited)				
	Carrying amount		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made by portfolio of credit risk characteristics	46,508,055.46	100	5,043,990.78	11	41,464,064.68

	31 December 2020				
	Carrying amount		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made by portfolio of credit risk characteristics	40,021,765.40	100	4,451,458.90	11	35,570,306.50

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

	30 June 2021(unaudited)			31 December 2020		
	Estimated Carrying amount arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss	Estimated Carrying amount arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	38,963,236.33	2	676,157.24	35,493,746.55	4	1,287,309.40
1 to 2 years	4,486,854.95	34	1,511,814.49	2,056,941.42	34	693,072.07
2 to 3 years	586,886.75	66	384,941.62	-	-	-
Over 3 years	2,471,077.43	100	2,471,077.43	2,471,077.43	100	2,471,077.43
	46,508,055.46	11	5,043,990.78	40,021,765.40	11	4,451,458.90

For the six months ended 30 June 2021, the provision for bad debts of the Group was RMB592,531.88 (2020: Nil), and there was no recovered or reversed bad debts provision (2020: RMB3,075,883.11).

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Account Receivables (Continued)

As at 30 June 2021, accounts receivable from the five largest customers were as follows(unaudited):

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,082,406.00	13	304,120.30	5
Sales and Service Branch of CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司銷售服務分公司)	4,738,989.00	10	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	9	207,323.92	5
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	3,638,349.00	8	181,917.45	5
Suizhong Haixing Shipping Agency Co., Ltd. (綏中海星船務代理有限公司)	2,430,000.00	5	121,500.00	5
	21,036,222.41	45	1,051,811.12	5

As at 31 December 2020, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	6,876,165.00	17	343,808.25	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,474,235.00	16	323,711.75	5
Suizhong Haixing Shipping Agency Co., Ltd. (綏中海星船務代理有限公司)	2,430,000.00	6	121,500.00	5
CNOOC Chemical Import and Export Co., Ltd. (中海石油化工進出口有限公司)	2,156,818.00	5	107,840.90	5
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	2,095,818.00	5	104,790.90	5
	20,033,036.00	49	1,001,651.80	5

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments

For the six months ended 30 June 2021 (unaudited)

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividends
Subsidiary					
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	12,085,383.72	-
Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	219,521,347.15	-
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	918,000,000.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	5,213,212,300.00	-	-	5,213,212,300.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	78,000,000.00	-	-	78,000,000.00	-
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	49,500,000.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	56,000,000.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	40,115,000.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	50,000,000.00	-	-	50,000,000.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	118,000,000.00	-	-	118,000,000.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	9,915,228.64	-	-	9,915,228.64	-
Sub-total	6,769,349,259.51	-	-	6,769,349,259.51	-

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued) For the six months ended 30 June 2021 (unaudited)

	Change within the period										
	Opening balance	Additional investment	Decrease in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend	Provision for impairment	Carrying value	Closing provision for impairment
Equity method :											
Joint ventures											
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	117,486,459.82	-	-	(28,776,011.03)	-	-	-	-	-	88,710,448.79	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	7,423,813.36	17,000,000.00	-	(6,679,697.00)	-	-	-	-	-	17,744,116.36	(18,119,045.54)
Sub-total	124,910,273.18	17,000,000.00	-	(35,455,708.03)	-	-	-	-	-	106,454,565.15	(99,969,852.53)
Associates											
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	683,833,396.59	-	-	19,108,969.61	-	-	(13,200,000.00)	-	-	689,742,366.20	-
Tangshan Caoifeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,662,783,976.47	-	-	112,663,895.59	22,833,041.61	2,231,746.37	-	-	-	1,800,512,660.04	-
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興家港能務運輸有限公司)	-	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	280,000,000.00	-	-	-	-	-	-	-	-	280,000,000.00	-
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	3,101,738.16	-	-	(144,715.58)	-	14,194.63	-	-	-	2,971,217.21	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,052,653.52	-	-	214,442.83	-	-	-	-	-	12,267,296.35	-
Sub-total	2,641,771,964.74	-	-	131,842,592.45	22,833,041.61	2,245,941.00	(13,200,000.00)	-	-	2,785,493,539.80	(20,800,000.00)
Total	9,536,031,487.43	17,000,000.00	-	96,386,884.42	22,833,041.61	2,245,941.00	(13,200,000.00)	-	-	9,661,297,364.46	(120,769,852.53)

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

2020

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividends
Subsidiaries					
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	12,085,383.72	-
Qinhuangdao Ruigang Technology Import & Export Co., Ltd.(Note) (秦皇島瑞港技術進出口有限公司)	10,125,275.79	-	(10,125,275.79)	-	-
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	219,521,347.15	-
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	-	-	-	-	-
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	918,000,000.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	5,213,212,300.00	-	-	5,213,212,300.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	78,000,000.00	-	-	78,000,000.00	-
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	49,500,000.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	56,000,000.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	40,115,000.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	50,000,000.00	-	-	50,000,000.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	118,000,000.00	-	-	118,000,000.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	9,915,228.64	-	-	9,915,228.64	-
Sub-total	6,779,474,535.30	-	(10,125,275.79)	6,769,349,259.51	-

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued) 2020 (Continued)

Equity method :	Change within the year										Year-end provision for impairment
	Opening balance	Additional investment	Decrease in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend	Provision for impairment	Closing Carrying value	
Joint ventures											
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	221,023,425.48	-	-	(54,546,668.82)	-	(241,723.80)	-	(48,748,573.04)	117,486,459.82	(81,850,806.99)	
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	30,533,713.52	-	-	(12,223,167.53)	-	(53,716.40)	-	(10,833,016.23)	7,423,813.36	(18,119,045.54)	
Sub-total	251,557,139.00	-	-	(66,769,836.35)	-	(295,440.20)	-	(59,581,589.27)	124,910,273.18	(99,969,852.53)	
Associates											
Habei Port Group Finance Company Limited (河北港口集團財務有限公司)	670,803,506.05	-	-	24,732,433.95	(1,702,543.41)	-	(10,000,000.00)	-	683,833,396.59	-	
Tangshan Caoifeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,442,623,220.84	-	-	220,338,069.71	91,018,161.47	3,304,524.45	(94,500,000.00)	-	1,662,783,976.47	-	
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興家港能港運有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)	
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	271,386,547.27	-	-	8,613,452.73	-	-	-	-	280,000,000.00	-	
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	2,840,314.40	-	-	261,423.76	-	-	-	-	3,101,738.16	-	
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,169,935.21	-	-	506,674.68	-	-	(623,756.37)	-	12,052,653.52	-	
Qinhuangdao Huazheng Coal Inspection Institute(note) (秦皇島華正煤炭檢驗行)	40,314.02	-	-	(40,314.02)	-	-	-	-	-	-	
Sub-total	2,899,863,837.79	-	-	254,411,740.81	89,315,616.06	3,304,524.45	(105,123,756.37)	-	2,641,771,964.74	(20,800,000.00)	
Total	9,430,895,512.09	-	(10,125,275.79)	187,641,304.46	89,315,616.06	3,009,084.25	(105,123,756.37)	(59,581,589.27)	9,536,031,497.43	(120,769,852.53)	

Note: On 29 April 2020, the public transfer of the entire equity interest in Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) ("Huazheng Coal") held by the Company was considered and approved at the nineteenth meeting of the fourth session of the board of directors of the Company. Qinhuangdao Fengyuan Metal Installation Engineering Co., Ltd. (秦皇島市蓬源金屬安裝工程有限公司) agreed to accept the transfer of all the equity interest in Huazheng Coal held by the Company through the public transfer in the property rights trading market in Hebei, and an equity transfer contract was signed on 29 June 2020. The above-mentioned equity transfer has been completed on 3 July 2020.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

Provision for impairment of the long-term equity investments:

30 June 2021(unaudited)

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jinji Port Investment Development Co., Ltd. (渤海津冀港口投資發展有限公司)	81,850,806.99	-	-	81,850,806.99
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	18,119,045.54	-	-	18,119,045.54
Total	120,769,852.53	-	-	120,769,852.53

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Qinhuangdao Xing'ao Qin'gang Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	33,102,233.95	48,748,573.04	-	81,850,806.99
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	7,286,029.31	10,833,016.23	-	18,119,045.54
Total	61,188,263.26	59,581,589.27	-	120,769,852.53

3. Other Equity Instruments Investments

30 June 2021(unaudited)

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current period	
			Equity instruments derecognized in current period	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	93,760,564.18	591,760,564.18	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	(17,925,129.60)	16,074,870.40	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	4,619,825.40	35,372,183.35	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	115,505.74	24,115,505.74	-	-
Total	80,570,765.72	667,323,123.67	-	-

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021
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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other Equity Instruments Investments (Continued)

2020

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	38,441,021.73	536,441,021.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	(18,110,993.36)	15,889,006.64	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	3,913,681.57	34,666,039.52	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	(580,000.00)	23,420,000.00	-	-
Total	23,663,709.94	610,416,067.89	-	-

4. Operating Revenue and Cost

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Revenue from the principal operations	2,186,177,487.86	2,010,896,286.99
Cost of the principal operations	1,147,167,864.40	1,009,506,924.01

Operating revenue by category is as follows:

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Income from contracts with customers	2,184,331,604.72	2,010,030,463.06
Lease income	1,845,883.14	865,823.93
	2,186,177,487.86	2,010,896,286.99

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating Revenue and Cost (Continued)

Breakdown of operating revenue from contracts with customers is as follows:

Reporting segment – comprehensive port services	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Principal operating area		
Qinhuangdao	2,184,331,604.72	2,010,030,463.06
Principal service type		
Service in relation to coal and relevant products	2,030,370,776.27	1,858,184,660.09
Service in relation to general and other cargoes	93,669,846.19	91,154,314.05
Service in relation to liquefied cargoes	29,294,826.20	26,217,509.87
Service in relation to metal ore and relevant products	10,735,080.02	17,743,517.96
Others	20,261,076.04	16,730,461.09
	2,184,331,604.72	2,010,030,463.06

5. Investment Income

	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Income from long-term equity investments under equity method	96,386,884.42	88,938,573.16

SUPPLEMENTARY INFORMATION

For the six months ended 30 June 2021

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1. SCHEDULE OF NON-RECURRING PROFIT AND LOSS

	For the six months ended 30 June 2021 (unaudited)
gain on disposal of non-current assets	(264,022.31)
Government grants credited to profit or loss for the current period	30,966,071.37
Other non-operating income and expenses	4,813,617.40
Sub-total	35,515,666.46
Less: Effect of income tax	8,954,845.29
Less: Effect of non-controlling interests (after tax)	172,524.60
Total	26,388,296.57

The Group recognizes non-recurring profit and loss according to Explanatory Announcement No.1 on Information Disclosure of Companies Offering Their Securities to the Public – Non-recurring Profit and Loss (CSRC Announcement [2008] No. 43).

2. RETURN ON NET ASSETS AND EARNING PER SHARE

For the six months ended 30 June 2021(unaudited)

	Return on Net Asset(%)	Earnings Per Share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	4.48	0.13	0.13
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	4.31	0.12	0.12

For the six months ended 30 June 2020(unaudited)

	Return on Net Asset (%)	Earnings Per Share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	3.86	0.10	0.10
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	3.71	0.10	0.10

SECTION X BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable