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秦 皇 島 港 股 份 有 限 公 司
QINHUANGDAO PORT CO., LTD.*

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

(Stock Code: 03369)

2023 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- The revenue of the Company amounted to RMB3,584,196.3 thousand for the Reporting Period, representing an increase of 5.85% as compared to the corresponding period of last year.
- The gross profit of the Company amounted to RMB1,430,083.1 thousand for the Reporting Period, representing an increase of 10.54% as compared to the corresponding period of last year. The Company's gross profit margin for the Reporting Period was 39.90%, representing an increase of 1.69% as compared to the corresponding period of last year.
- The Company's net profit for the Reporting Period amounted to RMB951,141.9 thousand, representing an increase of 33.41% as compared to the corresponding period of last year. Of which, the net profit attributable to owners of the parent company amounted to RMB912,728.1 thousand for the Reporting Period, representing an increase of 28.24% as compared to the corresponding period of last year.
- The earnings per share of the Company amounted to RMB0.16 for the Reporting Period, representing an increase of 23.08% as compared to the corresponding period of last year.

The Board announces the unaudited consolidated results of the Company for the Reporting Period prepared pursuant to relevant requirements under the Listing Rules, together with the comparative figures for the corresponding period of 2022.

* For identification purpose only

UNAUDITED CONSOLIDATED BALANCE SHEET

30 June 2023

RMB

Assets	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022
Current assets			
Cash and bank balances	1	5,682,314,424.30	4,847,758,214.85
Including: Deposits with finance companies		4,797,733,539.11	4,049,298,698.27
Bills receivable		74,300,580.00	91,361,696.00
Accounts receivable	2	67,138,565.49	46,622,811.77
Accounts receivable financing		70,951,102.91	35,866,130.32
Prepayments		18,684,110.17	23,630,461.95
Other receivables		22,583,451.82	22,220,105.04
Inventories	3	145,382,477.46	125,279,242.63
Other current assets		10,500,230.36	82,539,575.60
		<hr/>	<hr/>
Total current assets		6,091,854,942.51	5,275,278,238.16
		<hr/>	<hr/>
Non-current assets			
Long-term equity investments		3,790,685,825.75	3,595,010,502.57
Other equity instruments investments		1,172,742,023.33	1,136,892,279.11
Fixed assets	4	13,245,266,834.25	11,548,007,158.30
Construction in progress	5	306,103,334.09	2,478,720,446.03
Right-of-use assets		131,062,349.18	141,869,720.26
Intangible assets		2,959,910,202.73	2,950,070,241.42
Long-term prepaid expenses		2,944,021.70	5,639,206.39
Deferred income tax assets		409,264,043.91	439,589,423.33
Other non-current assets		189,374,185.00	369,621,867.69
		<hr/>	<hr/>
Total non-current assets		22,207,352,819.94	22,665,420,845.10
		<hr/>	<hr/>
Total assets		28,299,207,762.45	27,940,699,083.26
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UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2023

RMB

Liabilities and shareholders' equity	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022
Current liabilities			
Short-term borrowings	6	260,245,555.55	260,270,111.11
Accounts payable	7	323,509,841.16	259,894,659.77
Contract liabilities	8	591,547,646.35	563,480,833.77
Employee remuneration payable		708,195,276.99	742,093,194.47
Taxes payable	9	82,907,382.35	43,304,688.38
Other payables		851,825,588.28	548,457,808.34
Non-current liabilities due within one year		705,921,138.84	680,774,886.72
Total current liabilities		3,524,152,429.52	3,098,276,182.56
Non-current liabilities			
Long-term borrowings	10	5,341,288,606.50	5,949,695,604.50
Lease liabilities		8,112,422.75	16,720,143.33
Long-term payable		34,000,000.00	34,000,000.00
Long-term employee benefits payable		309,327,971.62	372,187,195.91
Deferred income		126,186,221.03	143,939,129.50
Deferred income tax liabilities		109,766,938.84	100,804,502.79
Total non-current liabilities		5,928,682,160.74	6,617,346,576.03
Total liabilities		9,452,834,590.26	9,715,622,758.59
Shareholders' equity			
Share capital		5,587,412,000.00	5,587,412,000.00
Capital reserve		5,207,670,068.40	5,207,670,068.40
Other comprehensive income		696,699,623.09	639,705,620.44
Special reserve		197,686,531.97	192,106,174.51
Surplus reserve		1,634,203,017.11	1,634,203,017.11
Retained profit		4,576,530,098.34	4,060,508,205.81
Total equity attributable to shareholders of the parent		17,900,201,338.91	17,321,605,086.27
Minority interests		946,171,833.28	903,471,238.40
Total shareholders' equity		18,846,373,172.19	18,225,076,324.67
Total liabilities and shareholders' equity		28,299,207,762.45	27,940,699,083.26

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

RMB

	<i>Notes</i>	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue	<i>11</i>	3,584,196,340.31	3,386,210,260.68
Less: Operating costs	<i>11</i>	2,154,113,240.41	2,092,457,904.35
Tax and surcharges		68,254,260.56	67,557,929.28
Administrative expenses		303,049,013.18	299,428,338.02
Research and development costs		43,058,280.77	16,318,315.10
Financial costs	<i>12</i>	83,256,173.02	85,177,019.82
Including: Interest costs		125,184,229.85	127,109,783.89
Interest income		41,370,948.34	41,165,448.89
Add: Other income		31,327,078.52	36,502,764.33
Investment income	<i>13</i>	172,114,476.21	85,675,448.20
Including: Investment income from associates and joint ventures		136,114,476.21	73,479,928.44
Reversal/(loss) of credit impairment		7,618,031.35	(13,584,294.10)
Gains from the disposal of assets		6,573,175.12	–
Operating profit		1,150,098,133.57	933,864,672.54
Add: Non-operating income	<i>14</i>	4,469,076.46	3,669,009.01
Less: Non-operating expenses		1,056,427.64	491,171.53
Total profit		1,153,510,782.39	937,042,510.02
Less: Income tax expenses	<i>15</i>	202,368,919.08	224,073,894.81
Net profit		951,141,863.31	712,968,615.21
Classified by business continuity			
Net profit from continuing operations		951,141,863.31	712,968,615.21
Classified by ownership			
Net profit attributable to shareholders of the parent		912,728,144.53	711,741,136.52
Profit or loss on minority interests		38,413,718.78	1,227,478.69

UNAUDITED CONSOLIDATED INCOME STATEMENT (CONTINUED)*For the six months ended 30 June 2023**RMB*

	<i>Notes</i>	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Other comprehensive income, net of tax		59,246,885.66	185,293,647.46
Other comprehensive income attributable to shareholders of the parent, net of tax		56,994,002.65	192,053,879.20
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		30,825,169.52	91,103,323.62
Changes in fair value of investments in other equity instruments		24,634,425.16	99,011,060.10
Other comprehensive income to be reclassified into profit or loss			
Exchange differences on foreign currency translation		1,534,407.97	1,939,495.48
Other comprehensive income attributable to minority shareholders, net of tax		2,252,883.01	(6,760,231.74)
Total comprehensive income		<u>1,010,388,748.97</u>	<u>898,262,262.67</u>
Including:			
Total comprehensive income attributable to shareholders of the parent		969,722,147.18	903,795,015.72
Total comprehensive income attributable to minority shareholders		40,666,601.79	(5,532,753.05)
Earnings per share	<i>16</i>		
Basic and diluted earnings per share		<u>0.16</u>	<u>0.13</u>

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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, 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, labor dispatch. 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 company of the Group is Hebei Port Group Co., Ltd. (the “HPG”), which was established in the People’s Republic of China.

These financial statements have been approved for issue by the Board of the Company by resolutions on 29 August 2023.

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 for 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 2022, except for the adoption of the relevant newly issued or revised accounting standards. These interim financial statements should be read in conjunction with the financial statements of the Group for the year ended 2022.

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

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

III. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

- Value-added tax (“VAT”) – The Group is subject to output VAT at a tax rate of 13% on the taxable sales; related port service revenues are taxable to output VAT at a 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. The tax rate for overseas subsidiaries is 16.5%.
- Property tax – Property tax on self-occupied properties is calculated at the applicable tax rate of 1.2% using the tax base of 70% of the initial cost of the properties; lease properties are taxable on the tax base of rental income at the applicable tax rate of 12%.
- Land use tax – It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer.
- Environmental protection tax – The taxable amount of the Group’s taxable pollutants shall be paid in accordance with the applicable taxable amount stipulated by the Environmental Protection Tax Law.

2. Tax Concessions

Land use tax

Pursuant to the Provisional Regulations of the People’s Republic of China on Land Use Tax in respect of Urban and Town Land (《中華人民共和國城鎮土地使用稅暫行條例》) and the Announcement of the Ministry of Finance and the State Taxation Administration on the Extended Implementation of the Preferential Policies on Land Use Tax in respect of Urban and Town Land for Bulk Commodity Storage Facility of Logistics Companies (《財政部、國家稅務總局關於繼續實施物流企業大宗商品倉儲設施用地城鎮土地使用稅優惠政策的公告》) (Cai Shui [2020] No. 16), during the period from 1 January 2020 to 31 December 2022, urban and town land use tax will be reduced by 50% of the rate applicable to the standards of such land owned in respect of bulk commodity storage facilities owned by logistics companies (including self-owned and leased land). In respect of land used for bulk commodity storage facilities owned by the Company and Cangzhou Huanghuagang Mineral Port Co., Ltd. (hereinafter referred to as “Cangzhou Mineral”) and Tangshan Caofeidian Coal Port Co., Ltd., subsidiaries of the Company, land use tax will be reduced by 50%. Pursuant to the Announcement on the Extended Implementation of the Preferential Policies on Land Use Tax in respect of Urban and Town Land for Bulk Commodity Storage Facilities of Logistics Companies (《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》) (the Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 5), the implementation term for the preferential policies on land use tax in respect of urban and town land for bulk commodity storage facilities of logistics companies shall be extended to 31 December 2027.

Value-added tax

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Clarification of the VAT Exemption Policy and other Policies for Small-scale VAT Taxpayers (Announcement of the Ministry of Finance and the State Administration of Taxation and the General Administration of Customs, [2023] No. 1), the Company and some of its subsidiaries, as the taxpayers of the production service industry and the life service industry, are allowed to deduct their tax payable by adding 5% and 10% to the current deductible input tax, respectively, from 1 January 2023 to 31 December 2023.

Enterprise income tax

According to the Implementation Rules of the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) (Order No. 512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》) (Guo Shui Fa [2009] No. 80), Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port of Cangzhou Mineral, a subsidiary of the Company, is eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port of Cangzhou Mineral from the investment in, and the operation of, public infrastructure projects under key support from the State, is eligible for a tax exemption from enterprise income tax for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income. Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port of Cangzhou Mineral first generated its operating income in 2023, and started to be entitled to the tax preferences of enterprise income tax.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AND BANK BALANCES

	30 June 2023 (Unaudited)	31 December 2022
Cash on hand	11,113.99	25,508.88
Bank deposits	5,682,302,810.31	4,847,732,205.97
Other cash and bank balances	500.00	500.00
	<u>5,682,314,424.30</u>	<u>4,847,758,214.85</u>
Including: Secured bank deposits from bidding deposits	<u>500.00</u>	<u>500.00</u>

As at 30 June 2023, the cash and bank balances deposited overseas by the Group were equivalent to RMB61,095,617.96 (31 December 2022: RMB59,014,402.57).

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

2. ACCOUNTS RECEIVABLE

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest.

An aged analysis of the accounts receivable is as follows:

	30 June 2023 (Unaudited)	31 December 2022
Within 1 year	72,898,353.41	51,506,942.00
1 to 2 years	990,673.51	860,169.46
2 to 3 years	113,310.75	9,728.80
Over 3 years	1,633,960.63	1,633,960.63
	75,636,298.30	54,010,800.89
Less: Provision for bad debts of accounts receivable	8,497,732.81	7,387,989.12
	67,138,565.49	46,622,811.77

30 June 2023 (Unaudited)					
	Balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Individual provision for bad debts	3,252,364.00	4	3,252,364.00	100	-
Provision for bad debts made by portfolio of credit risk characteristics	72,383,934.30	96	5,245,368.81	7	67,138,565.49
	75,636,298.30	100	8,497,732.81	11	67,138,565.49

31 December 2022					
	Balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Individual provision for bad debts	3,252,364.00	6	3,252,364.00	100	-
Provision for bad debts made by portfolio of credit risk characteristics	50,758,436.89	94	4,135,625.12	8	46,622,811.77
	54,010,800.89	100	7,387,989.12	14	46,622,811.77

As at 30 June 2023, accounts receivable with individual provision for bad debts were as follows (unaudited):

	Balance	Provision for bad debts	Expected credit loss ratio	Reason for provision
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	61,460.00	61,460.00	100%	Debtor involved in litigation
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	3,190,904.00	3,190,904.00	100%	Debtor involved in litigation
	<u>3,252,364.00</u>	<u>3,252,364.00</u>		

As at 31 December 2022, accounts receivable with individual provision for bad debts were as follows:

	Balance	Provision for bad debts	Expected credit loss ratio	Reason for provision
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	61,460.00	61,460.00	100%	Debtor involved in litigation
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	3,190,904.00	3,190,904.00	100%	Debtor involved in litigation
	<u>3,252,364.00</u>	<u>3,252,364.00</u>		

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

	30 June 2023 (Unaudited)			31 December 2022		
	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	69,929,030.41	5	3,506,651.70	48,254,578.00	5	2,412,728.90
1 to 2 years	707,632.51	10	70,763.25	860,169.46	10	86,016.95
2 to 3 years	113,310.75	30	33,993.23	9,728.80	30	2,918.64
Over 3 years	1,633,960.63	100	1,633,960.63	1,633,960.63	100	1,633,960.63
	<u>72,383,934.30</u>	<u>7</u>	<u>5,245,368.81</u>	<u>50,758,436.89</u>	<u>8</u>	<u>4,135,625.12</u>

The movements in provision for bad debts of accounts receivable are as follows:

	Opening balance	Provision for the period/year	Recover or reversal in the period/year	Write-off in the period/year	Closing balance
For the six months ended 30 June 2023 (unaudited)	<u>7,387,989.12</u>	<u>1,607,103.54</u>	<u>(497,359.85)</u>	<u>–</u>	<u>8,497,732.81</u>
For the year of 2022	<u>4,706,918.38</u>	<u>3,343,995.54</u>	<u>(610,985.17)</u>	<u>(51,939.63)</u>	<u>7,387,989.12</u>

For the six months ended 30 June 2023, the Group did not write off accounts receivable (2022: RMB51,939.63).

As at 30 June 2023 and 31 December 2022, no accounts receivable of the Group was pledged.

As at 30 June 2023, the top five amounts of accounts receivable were as follows (unaudited):

	Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Hebei Xinshenggang International Logistics Co., Ltd. (河北新盛港國際物流有限公司)	20,113,328.12	26.59	1,005,666.41	5
Angang Group International Trade Co., Ltd. (安鋼集團國際貿易有限責任公司)	5,618,098.29	7.44	280,904.91	5
China Coal Energy Company Limited (中國中煤能源股份有限公司)	5,523,680.00	7.30	276,184.00	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	4,276,457.00	5.65	213,822.85	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)	3,608,880.00	4.77	180,444.00	5
	<u>39,140,443.41</u>	<u>51.75</u>	<u>1,957,022.17</u>	<u>5</u>

As at 31 December 2022, the top five amounts of accounts receivable were as follows:

	Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Hebei Xinshenggang International Logistics Co., Ltd. (河北新盛港國際物流有限公司)	12,941,528.12	23.96	647,076.41	5
Ningxia Tianyuan Logistics Group Co., Ltd. (寧夏天元物流集團有限公司)	4,952,663.00	9.17	247,633.15	5
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	3,212,272.68	5.95	165,007.14	5
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	3,190,904.00	5.91	3,190,904.00	100
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	2,847,525.00	5.27	142,376.25	5
	<u>27,144,892.80</u>	<u>50.26</u>	<u>4,392,996.95</u>	<u>16</u>

3. INVENTORIES

	30 June 2023 (Unaudited)			31 December 2022		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	48,651,608.49	7,678,452.58	40,973,155.91	37,498,767.60	7,704,743.48	29,794,024.12
Fuels	2,196,489.68	-	2,196,489.68	1,561,084.99	-	1,561,084.99
Spare parts	115,215,704.77	15,546,427.01	99,669,277.76	107,049,206.96	15,562,073.14	91,487,133.82
Low-cost consumables	2,685,479.46	141,925.35	2,543,554.11	2,586,811.92	149,812.22	2,436,999.70
	168,749,282.40	23,366,804.94	145,382,477.46	148,695,871.47	23,416,628.84	125,279,242.63

Change in provision for impairment of inventories is as follows:

For the six months ended 30 June 2023 (unaudited)

	Opening balance	Provision for the period	Decrease during the period		Closing balance
			Reversal	Write-off	
Materials	7,704,743.48	-	-	(26,290.90)	7,678,452.58
Spare parts	15,562,073.14	-	-	(15,646.13)	15,546,427.01
Low-cost consumables	149,812.22	-	-	(7,886.87)	141,925.35
	23,416,628.84	-	-	(49,823.90)	23,366,804.94

For the year of 2022

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Materials	7,045,116.52	2,198,445.72	-	(1,538,818.76)	7,704,743.48
Spare parts	13,946,108.90	5,891,576.25	-	(4,275,612.01)	15,562,073.14
Low-cost consumables	191,448.82	40,638.26	-	(82,274.86)	149,812.22
	21,182,674.24	8,130,660.23	-	(5,896,705.63)	23,416,628.84

4. FIXED ASSETS

	30 June 2023 (Unaudited)	31 December 2022
Fixed Assets	13,241,223,783.48	11,543,919,367.83
Disposal of fixed assets	4,043,050.77	4,087,790.47
	<u>13,245,266,834.25</u>	<u>11,548,007,158.30</u>

For the six months ended 30 June 2023 (unaudited)

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	6,674,941,190.58	8,295,706,592.20	10,513,979,058.91	463,061,714.62	241,891,231.90	26,189,579,788.21
Purchase	-	-	528,088.68	-	218,179.47	746,268.15
Transferred from construction in progress	365,999,470.67	905,851,293.60	1,048,149,181.07	7,555,127.17	15,852,969.09	2,343,408,041.60
Disposal for the period	-	-	(52,209,523.77)	(1,742,484.63)	(3,402,763.36)	(57,354,771.76)
Transferred to construction in progress	(9,720,664.00)	(57,833,226.31)	-	-	-	(67,553,890.31)
Closing balance	<u>7,031,219,997.25</u>	<u>9,143,724,659.49</u>	<u>11,510,446,804.89</u>	<u>468,874,357.16</u>	<u>254,559,617.10</u>	<u>28,408,825,435.89</u>
Accumulated depreciation						
Opening balance	2,668,786,656.11	3,392,387,936.66	7,858,374,578.12	407,778,547.98	188,062,867.01	14,515,390,585.88
Provision for the period	144,997,570.29	168,206,443.37	284,499,974.32	6,062,553.10	9,335,291.98	613,101,833.06
Disposal for the period	-	-	(50,530,663.52)	(1,565,135.04)	(3,300,499.88)	(55,396,298.44)
Transferred to construction in progress	(6,571,167.85)	(29,077,436.39)	-	-	-	(35,648,604.24)
Closing balance	<u>2,807,213,058.55</u>	<u>3,531,516,943.64</u>	<u>8,092,343,888.92</u>	<u>412,275,966.04</u>	<u>194,097,659.11</u>	<u>15,037,447,516.26</u>
Provision for impairment						
Opening balance	20,552,470.15	34,402,929.19	74,404,073.15	18,623.09	891,738.92	130,269,834.50
Disposal for the period	-	-	(115,087.40)	(531.48)	(79.47)	(115,698.35)
Closing balance	<u>20,552,470.15</u>	<u>34,402,929.19</u>	<u>74,288,985.75</u>	<u>18,091.61</u>	<u>891,659.45</u>	<u>130,154,136.15</u>
Carrying amount						
End of the period	<u>4,203,454,468.55</u>	<u>5,577,804,786.66</u>	<u>3,343,813,930.22</u>	<u>56,580,299.51</u>	<u>59,570,298.54</u>	<u>13,241,223,783.48</u>
Beginning of the period	<u>3,985,602,064.32</u>	<u>4,868,915,726.35</u>	<u>2,581,200,407.64</u>	<u>55,264,543.55</u>	<u>52,936,625.97</u>	<u>11,543,919,367.83</u>

For the year of 2022

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	6,533,097,099.85	8,360,744,819.51	10,352,111,451.29	479,815,621.86	247,736,097.86	25,973,505,090.37
Purchase	258,407.08	-	282,183.65	864,181.94	10,600.00	1,415,372.67
Transferred from construction in progress	80,069,780.07	-	212,728,340.53	6,382,174.46	14,055,719.87	313,236,014.93
Reclassification	65,038,227.31	(65,038,227.31)	-	-	-	-
Disposal for the year	(3,522,323.73)	-	(51,142,916.56)	(24,000,263.64)	(19,911,185.83)	(98,576,689.76)
Closing balance	<u>6,674,941,190.58</u>	<u>8,295,706,592.20</u>	<u>10,513,979,058.91</u>	<u>463,061,714.62</u>	<u>241,891,231.90</u>	<u>26,189,579,788.21</u>
Accumulated depreciation						
Opening balance	2,318,524,982.72	3,153,115,784.12	7,386,808,326.27	413,377,988.02	188,509,736.01	13,460,336,817.14
Provision for the year	275,089,227.62	315,708,946.89	521,053,035.24	17,028,753.80	18,864,140.37	1,147,744,103.92
Reclassification	76,436,794.35	(76,436,794.35)	-	-	-	-
Disposal for the year	(1,264,348.58)	-	(49,486,783.39)	(22,628,193.84)	(19,311,009.37)	(92,690,335.18)
Closing balance	<u>2,668,786,656.11</u>	<u>3,392,387,936.66</u>	<u>7,858,374,578.12</u>	<u>407,778,547.98</u>	<u>188,062,867.01</u>	<u>14,515,390,585.88</u>
Provision for impairment						
Opening balance	10,659,447.39	17,447,997.81	72,678,646.18	27,115.89	817,856.64	101,631,063.91
Provision	9,893,022.76	16,954,931.38	1,730,219.04	-	74,026.82	28,652,200.00
Disposal for the year	-	-	(4,792.07)	(8,492.80)	(144.54)	(13,429.41)
Closing balance	<u>20,552,470.15</u>	<u>34,402,929.19</u>	<u>74,404,073.15</u>	<u>18,623.09</u>	<u>891,738.92</u>	<u>130,269,834.50</u>
Carrying amount						
End of the year	<u>3,985,602,064.32</u>	<u>4,868,915,726.35</u>	<u>2,581,200,407.64</u>	<u>55,264,543.55</u>	<u>52,936,625.97</u>	<u>11,543,919,367.83</u>
Beginning of the year	<u>4,203,912,669.74</u>	<u>5,190,181,037.58</u>	<u>2,892,624,478.84</u>	<u>66,410,517.95</u>	<u>58,408,505.21</u>	<u>12,411,537,209.32</u>

As at 30 June 2023 and 31 December 2022, the Group had no fixed assets which were temporarily idle.

Fixed assets leased out under operating leases were as follows:

For the six months ended 30 June 2023 (unaudited)

	Properties and buildings	Terminal facilities	Office and other equipment	Total
Cost				
Opening balance	39,090,919.88	7,905,480.75	47,700.00	47,044,100.63
Transferred to fixed assets during the period	3,537,249.45	-	-	3,537,249.45
Transferred from fixed assets during the period	<u>(6,262,739.24)</u>	<u>-</u>	<u>(15,900.00)</u>	<u>(6,278,639.24)</u>
Closing balance	<u><u>36,365,430.09</u></u>	<u><u>7,905,480.75</u></u>	<u><u>31,800.00</u></u>	<u><u>44,302,710.84</u></u>
Accumulated depreciation				
Opening balance	5,293,348.24	3,726,546.16	46,269.00	9,066,163.40
Transferred to fixed assets during the period	534,674.56	-	-	534,674.56
Provision	132,142.88	177,824.22	-	309,967.10
Transferred from fixed assets during the period	<u>(1,018,814.07)</u>	<u>-</u>	<u>(15,423.00)</u>	<u>(1,034,237.07)</u>
Closing balance	<u><u>4,941,351.61</u></u>	<u><u>3,904,370.38</u></u>	<u><u>30,846.00</u></u>	<u><u>8,876,567.99</u></u>
Carrying amount				
End of the period	<u><u>31,424,078.48</u></u>	<u><u>4,001,110.37</u></u>	<u><u>954.00</u></u>	<u><u>35,426,142.85</u></u>
Beginning of the period	<u><u>33,797,571.64</u></u>	<u><u>4,178,934.59</u></u>	<u><u>1,431.00</u></u>	<u><u>37,977,937.23</u></u>

For the year of 2022

	Properties and buildings	Terminal facilities	Office and other equipment	Total
Cost				
Opening balance	41,456,011.24	15,818,169.35	57,100.00	57,331,280.59
Transferred to fixed assets during the year	331,130.76	–	10,600.00	341,730.76
Transferred from fixed assets during the year	(2,696,222.12)	(7,912,688.60)	(20,000.00)	(10,628,910.72)
Closing balance	<u>39,090,919.88</u>	<u>7,905,480.75</u>	<u>47,700.00</u>	<u>47,044,100.63</u>
Accumulated depreciation				
Opening balance	4,480,659.49	6,382,795.04	55,387.00	10,918,841.53
Transferred to fixed assets during the year	60,362.34	–	10,282.00	70,644.34
Provision	1,062,828.73	383,860.55	–	1,446,689.28
Transferred from fixed assets during the year	(310,502.32)	(3,040,109.43)	(19,400.00)	(3,370,011.75)
Closing balance	<u>5,293,348.24</u>	<u>3,726,546.16</u>	<u>46,269.00</u>	<u>9,066,163.40</u>
Carrying amount				
End of the year	<u>33,797,571.64</u>	<u>4,178,934.59</u>	<u>1,431.00</u>	<u>37,977,937.23</u>
Beginning of the year	<u>36,975,351.75</u>	<u>9,435,374.31</u>	<u>1,713.00</u>	<u>46,412,439.06</u>

As at 30 June 2023, fixed assets without title certificate are as follows (unaudited):

	Carrying amount	Reason for not obtaining the title certificate
Properties and buildings	<u>19,636,669.24</u>	In progress

As at 31 December 2022, fixed assets without title certificate are as follows:

	Carrying amount	Reason for not obtaining the title certificate
Properties and buildings	<u>8,708,986.58</u>	In progress

5. CONSTRUCTION IN PROGRESS

	30 June 2023 (Unaudited)			31 December 2022		
Construction in progress	306,103,334.09			2,478,720,446.03		
	30 June 2023 (Unaudited)			31 December 2022		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Reconstruction of bucket reclaimer for Phase Four coal project	46,002,288.26	-	46,002,288.26	46,002,288.26	-	46,002,288.26
Upgrading and reconstruction project of stacking yards handling area in the general cargo	31,236,988.72	-	31,236,988.72	-	-	-
Windbreak netting project to east of stacking yards for Phase Five coal	22,552,988.17	-	22,552,988.17	2,346,358.58	-	2,346,358.58
Reconstruction of intelligent single unit and stacking yards for Phase Five coal project	21,588,182.70	-	21,588,182.70	11,741,182.28	-	11,741,182.28
Tugging purchase project	19,391,592.92	-	19,391,592.92	-	-	-
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	1,297,871.29	-	1,297,871.29	2,303,050,713.18	-	2,303,050,713.18
Others	188,449,888.28	24,416,466.25	164,033,422.03	139,996,369.98	24,416,466.25	115,579,903.73
	330,519,800.34	24,416,466.25	306,103,334.09	2,503,136,912.28	24,416,466.25	2,478,720,446.03

Significant movements in construction in progress for the six months ended 30 June 2023 were as follows (unaudited):

	Budget	Opening balance	Increase in the period	Transferred from fixed assets during the period	Transferred to fixed assets and intangible assets during the period	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Reconstruction of bucket reclaimer for Phase Four coal project	86,410,000.00	46,002,288.26	-	-	-	46,002,288.26	Self-owned capital	53
Upgrading and reconstruction project of stacking yards handling area in the general cargo	9,034,014.00	-	2,537,590.82	28,699,397.90	-	31,236,988.72	Self-owned capital	28
Windbreak netting project to east of stacking yards for Phase Five coal	40,973,000.00	2,346,358.58	20,206,629.59	-	-	22,552,988.17	Self-owned capital	55
Research project on intelligent digital stacking yards, stackers and reclaimer technology (original: reconstruction of intelligent single unit and stacking yards for Phase Five coal project)	41,108,900.00	11,741,182.28	9,847,000.42	-	-	21,588,182.70	Self-owned capital	53
Tugging purchase project	91,200,000.00	-	19,391,502.92	-	-	19,391,502.92	Self-owned capital	21
Phase I (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	2,303,050,713.18	5,505,724.34	-	(2,307,258,566.23)	1,297,871.29	Fund raised, loans from financial institutes and self-owned capital	98

Significant movements in construction in progress for the year of 2022 were as follows:

	Budget	Opening balance	Increase in the year	Transferred from intangible assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase I (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	2,208,549,850.63	94,500,862.55	-	-	-	2,303,050,713.18	Fund raised, loans from financial institutes and self-owned capital	98
Reconstruction of bucket reclaimer for Phase Four coal project	86,410,000.00	12,817,774.53	33,184,513.73	-	-	-	46,002,288.26	Self-owned capital	53
Commencing project of complex port zone in Huanghua Port	7,555,702,691.00	25,208,174.80	12,710,450.46	-	(13,977,011.15)	-	23,941,614.11	Loans from financial institutes and self-owned capital	91
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	15,747,764.62	4,572,843.69	-	-	(1,854,170.15)	18,466,438.16	Self-owned capital	1
Research project on intelligent digital stacking yards, stackers and reclaimer technology (original: reconstruction of intelligent single unit and stacking yards for Phase Five coal project)	41,108,900.00	-	11,741,182.28	-	-	-	11,741,182.28	Self-owned capital	29
Upgrading Programs of No.1, No.2 and No.3 loaders for Phase Three coal project	169,588,600.00	128,760,826.77	14,679,348.05	-	(143,343,320.11)	-	96,854.71	Self-owned capital	85

Capitalized interest included in construction in progress for the six months ended 30 June 2023 is as follows (unaudited):

	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	98%	<u>581,973,911.81</u>	<u>1,025,698.05</u>	3.66%

Capitalized interest included in construction in progress for the year of 2022 is 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	98%	580,948,213.76	65,656,055.72	3.92%
Others		<u>1,724,716.73</u>	<u>500,543.94</u>	3.39%
		<u>582,672,930.49</u>	<u>66,156,599.66</u>	

Provision for impairment of construction in progress:

For the six months ended 30 June 2023 (unaudited)

	Opening balance	Increase in the period	Decrease in the period	Closing balance	Reason for provision
Basement Treatment Engineering	<u>24,416,466.25</u>	<u>-</u>	<u>-</u>	<u>24,416,466.25</u>	Recoverable amount lower than carrying amount

For the year of 2022

	Opening balance	Increase in the year	Decrease in the year	Closing balance	Reason for provision
Basement Treatment Engineering	<u>24,416,466.25</u>	<u>-</u>	<u>-</u>	<u>24,416,466.25</u>	Recoverable amount lower than carrying amount

6. SHORT-TERM BORROWINGS

	30 June 2023 (Unaudited)	31 December 2022
Unsecured borrowings	260,000,000.00	260,000,000.00
Interest payable on short-term borrowings	245,555.55	270,111.11
	<u>260,245,555.55</u>	<u>260,270,111.11</u>

As at 30 June 2023, the interest rate of the above borrowings was 3.40% (31 December 2022: 3.40%) per annum.

As at 30 June 2023, the Group had no overdue borrowings (31 December 2022: Nil).

7. ACCOUNTS PAYABLE

	30 June 2023 (Unaudited)	31 December 2022
Accounts payable	<u>323,509,841.16</u>	<u>259,894,659.77</u>

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

An ageing analysis of accounts payable is as follows:

	30 June 2023 (Unaudited)	31 December 2022
Within 1 year	294,348,292.06	221,512,097.92
1 to 2 years	25,724,984.47	32,208,486.99
2 to 3 years	1,981,352.14	3,412,105.15
Over 3 years	1,455,212.49	2,761,969.71
	<u>323,509,841.16</u>	<u>259,894,659.77</u>

As at 30 June 2023 and 31 December 2022, the Group had no significant accounts payable aging more than 1 year.

8. CONTRACT LIABILITIES

	30 June 2023 (Unaudited)	31 December 2022
Port handling fees	589,908,238.96	561,933,615.55
Weighing fees	329,670.24	325,359.54
Others	1,309,737.15	1,221,858.68
	<u>591,547,646.35</u>	<u>563,480,833.77</u>

Contract liabilities mainly represent the payment received by the Group for providing port operation services to customers. At the end of the period, contract liabilities increased by RMB28,066,812.58, which was mainly due to the increase in revenue from coal operations.

9. TAXES PAYABLE

	30 June 2023 (Unaudited)	31 December 2022
Enterprise income tax	59,410,075.43	27,127,134.34
Environmental protection tax	13,908,257.43	12,498,101.84
VAT	7,887,419.66	33,228.10
Individual income tax	847,691.85	3,369,518.58
City maintenance and construction tax	412,372.41	1,554.80
Education surcharge	294,551.72	1,110.57
Stamp duty	139,688.35	273,793.65
Water resources tax	7,325.50	246.50
	<u>82,907,382.35</u>	<u>43,304,688.38</u>

10. LONG-TERM BORROWINGS

	30 June 2023 (Unaudited)	31 December 2022
Unsecured borrowings	6,025,988,135.57	6,609,767,592.04
Less: Long-term borrowings due within one year	684,699,529.07	660,071,987.54
	<u>5,341,288,606.50</u>	<u>5,949,695,604.50</u>

As at 30 June 2023, the interest rate of the above borrowings ranged from 3.45% to 4.00% (31 December 2022: 3.55% to 4.00%) per annum.

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

	30 June 2023 (Unaudited)	31 December 2022
Within 1 year (including 1 year)	684,699,529.07	660,071,987.54
Within 2 years (including 2 years)	511,802,980.00	605,210,000.00
Within 2 to 5 years (including 5 years)	2,781,574,624.50	2,766,450,636.00
Over 5 years	2,047,911,002.00	2,578,034,968.50
	<u>6,025,988,135.57</u>	<u>6,609,767,592.04</u>

11. OPERATING REVENUE AND COST

	<u>For the six months ended 30 June 2023 (Unaudited)</u>		<u>For the six months ended 30 June 2022 (Unaudited)</u>	
	Revenue	Cost	Revenue	Cost
Principal operations	3,575,207,931.38	2,150,168,669.09	3,384,211,533.22	2,091,514,367.03
Other operations	8,988,408.93	3,944,571.32	1,998,727.46	943,537.32
	<u>3,584,196,340.31</u>	<u>2,154,113,240.41</u>	<u>3,386,210,260.68</u>	<u>2,092,457,904.35</u>

The operating revenue is set out as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue from contracts with customers	3,576,042,435.10	3,382,856,797.39
Rental income	8,153,905.21	3,353,463.29
	<u>3,584,196,340.31</u>	<u>3,386,210,260.68</u>

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Principal place of business		
Qinhuangdao	2,138,135,188.00	2,236,138,059.98
Others	1,437,907,247.10	1,146,718,737.41
	<u>3,576,042,435.10</u>	<u>3,382,856,797.39</u>
Main service types		
Service in relation to coal and relevant products	2,487,802,244.20	2,435,548,481.67
Service in relation to metal ore and relevant products	680,539,655.80	583,302,206.65
Service in relation to general and other cargoes	308,691,140.61	267,477,338.27
Container service	44,525,136.16	40,327,188.19
Service in relation to liquefied cargoes	18,187,905.56	24,013,479.11
Others	36,296,352.77	32,188,103.50
	<u>3,576,042,435.10</u>	<u>3,382,856,797.39</u>

The Group's revenue from contracts with customers mainly refers to the revenue generated from the provision of port operation services to customers and the Group confirms the performance obligations are fulfilled and recognizes the revenue when services are finished.

The revenue recognized by the Group for the six months ended 30 June 2023 included in the book value of the contract liabilities at the beginning of the year was RMB443,069,746.20 (for the six months ended 30 June 2022: RMB576,655,136.33).

The total amounts of transaction prices allocated to the unsatisfied performance obligations (or partially unsatisfied) at the end of the period/year are expected to be recognised as revenue as follows:

	30 June 2023 (Unaudited)	31 December 2022
Within 1 year	531,270,008.95	518,200,188.59
Over 1 year	60,277,637.40	45,280,645.18
	<u>591,547,646.35</u>	<u>563,480,833.77</u>

12. FINANCIAL COST

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Interest expenses	126,209,927.90	160,253,827.27
Less: Interest income	41,370,948.34	41,165,448.89
Less: Capitalized interest	1,025,698.05	33,144,043.38
Foreign exchange gain	(596,999.25)	(807,221.55)
Others	39,890.76	39,906.37
	<u>83,256,173.02</u>	<u>85,177,019.82</u>

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

13. INVESTMENT INCOME

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Long-term equity investment income accounted for under the equity method	136,114,476.21	73,479,928.44
Dividend income on other equity instrument investments held	36,000,000.00	12,195,519.76
	<u>172,114,476.21</u>	<u>85,675,448.20</u>

14. NON-OPERATING INCOME

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	Non-recurring profit and loss for the six months ended 30 June 2023 (Unaudited)
Gains from spoilage and obsolescence of non-current assets	3,449,797.84	337,537.61	3,449,797.84
Payables waived	714,803.27	1,720,002.66	714,803.27
Others	304,475.35	1,611,468.74	304,475.35
	<u>4,469,076.46</u>	<u>3,669,009.01</u>	<u>4,469,076.46</u>

15. INCOME TAX EXPENSE

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Current income tax expenses	172,043,539.66	196,028,633.58
Deferred income tax expenses	30,325,379.42	28,045,261.23
	<u>202,368,919.08</u>	<u>224,073,894.81</u>

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Total profit	1,153,510,782.39	937,042,510.02
Income tax expenses calculated at the statutory tax rate	288,377,695.60	234,260,627.50
Effect of different tax rates of certain subsidiaries	(33,199,738.74)	(507,588.09)
Income not subject to tax	(9,000,000.00)	(3,048,879.94)
Share of profits and losses of joint ventures and associates	(34,028,619.06)	(18,369,982.11)
Expenses not deductible for tax	5,947,307.35	5,756,034.95
Utilizing deductible losses of previous years	(18,136,611.31)	(191,563.70)
Effect of unrecognized deductible temporary differences and deductible losses	780,106.07	3,136,214.63
Adjustments in respect of current income tax of previous periods	2,529,506.34	76,193.96
Others	(900,727.17)	2,962,837.61
	<u>202,368,919.08</u>	<u>224,073,894.81</u>

16. EARNINGS PER SHARE

	For the six months ended 30 June 2023 (Unaudited) RMB/Share	For the six months ended 30 June 2022 (Unaudited) RMB/Share
Basic and diluted earnings per share from continuing operations	<u>0.16</u>	<u>0.13</u>

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

The calculation of the basic earnings per share is as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company from continuing operations	<u>912,728,144.53</u>	<u>711,741,136.52</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>5,587,412,000.00</u>	<u>5,587,412,000.00</u>

The Company had no dilutive potential ordinary shares in issue for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

I. Overview of Industry Economy in the First Half of 2023

1. Overall Situation

After preliminary accounting, China's GDP amounted to RMB59,303.4 billion in the first half of 2023, representing a year-on-year increase of 5.5% if calculated at constant prices, up 1.0% over the first quarter. In terms of industries, the added value of the primary industry was RMB3,041.6 billion, up by 3.7% over that of the previous year; that of the secondary industry was RMB23,068.2 billion, up by 4.3%; and that of the tertiary industry was RMB33,193.7 billion, up by 6.4%. In terms of quarters, China's GDP grew by 4.5% year-on-year in the first quarter and grew by 6.3% in the second quarter. Calculated on a quarter-on-quarter basis, China's GDP increased by 0.8% in the second quarter.

2. Overview of Port Industry in the PRC

In the first half of 2023, China's cargo throughput in ports reached 8.19 billion tonnes, representing a year-on-year increase of 8.0%, of which the second quarter achieved a year-on-year increase of 9.7%. In terms of structures, domestic trade throughput increased by 7.6% year-on-year, while foreign trade throughput increased by 8.9% year-on-year, mainly driven by imports of coal and other bulk materials. The container throughput completed reached 150 million TEUs, representing a year-on-year increase of 4.8%.

II. DISCUSSION AND ANALYSIS OF OPERATIONS

1. Operating Revenue

During the Reporting Period, operating revenue of the Company amounted to RMB3,584,196.3 thousand, representing an increase of 5.85% as compared to the corresponding period of last year, mainly due to the increase in throughput.

2. Operating Costs

During the Reporting Period, operating costs of the Company amounted to RMB2,154,113.2 thousand, representing an increase of 2.95% as compared to the corresponding period of last year, mainly driven by the increase in throughput.

3. Gross Profit Margin

During the Reporting Period, gross profit of the Company amounted to RMB1,430,083.1 thousand, representing an increase of 10.54% as compared to the corresponding period of last year. Gross profit margin of the Company for the Reporting Period was 39.90%, representing an increase of 1.69% as compared to the corresponding period of last year.

4. Segment Analysis (Business Review)

During the Reporting Period, the Company achieved a total cargo throughput of 196.48 million tonnes, representing an increase of 7.82 million tonnes or 4.15% as compared to the throughput of 188.66 million tonnes in the corresponding period of 2022.

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

	First half year of 2023		First half year of 2022		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Qinhuangdao Port	92.29	46.97	97.22	51.53	(4.93)	(5.07)
Caofeidian Port	61.66	31.38	54.24	28.75	7.42	13.68
Huanghua Port	42.53	21.65	37.20	19.72	5.33	14.33
Total	<u>196.48</u>	<u>100.00</u>	<u>188.66</u>	<u>100.00</u>	<u>7.82</u>	<u>4.15</u>

During the Reporting Period, the Company achieved a cargo throughput of 92.29 million tonnes in Qinhuangdao Port, representing a decrease of 4.93 million tonnes or 5.07% from 97.22 million tonnes for the corresponding period of 2022. The decrease was mainly due to the insufficient release of domestic terminal demand of coal, and the competitive situation in surrounding ports, which caused the decrease in the coal throughput in Qinhuangdao Port.

The Company achieved a cargo throughput of 61.66 million tonnes in Caofeidian Port, representing an increase of 7.42 million tonnes or 13.68% from 54.24 million tonnes for the corresponding period of 2022, which was mainly attributed to active production of steel enterprises in Tangshan and the increased demand for iron ore.

The Company achieved a cargo throughput of 42.53 million tonnes in Huanghua Port, representing an increase of 5.33 million tonnes or 14.33% from 37.20 million tonnes for the corresponding period of 2022. The increase was mainly due to the active production of steel enterprises in the port hinterland and the significant increase in the volume of iron ore. In addition, the Company strengthened market development and actively visited various customers and railway companies, and the growth of bauxite loading and unloading business was significant.

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

	First half year of 2023		First half year of 2022		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Coal	111.39	56.69	112.94	59.86	(1.55)	(1.37)
Metal ore	64.55	32.85	54.51	28.89	10.04	18.42
Oil and liquefied chemicals	0.80	0.41	0.75	0.40	0.05	6.67
Container	6.78	3.45	8.46	4.49	(1.68)	(19.86)
General and other cargoes	12.96	6.60	12.00	6.36	0.96	8.00
Total	196.48	100.00	188.66	100.00	7.82	4.15

(1) Coal handling services

During the Reporting Period, the Company achieved a total coal throughput of 111.39 million tonnes, representing a decrease of 1.55 million tonnes or 1.37% from 112.94 million tonnes for the corresponding period of 2022, which was mainly due to (i) the insufficient release of the terminal demand of coal, and the continuous high level of inventories, downward overall coal price, and the low enthusiasm of carriage; and (ii) an significant increase in the imported coal with obvious price advantage and continuous impact on the domestic market.

(2) Metal ore handling services

During the Reporting Period, the Company achieved a total metal ores throughput of 64.55 million tonnes, representing an increase of 10.04 million tonnes or 18.42% from 54.51 million tonnes for the corresponding period of 2022, which was mainly due to the active production of steel enterprises in the port hinterland and the significant increase in the demand for iron ore, and the increase in the Company's synergistic cooperation with the railway companies to develop the market.

(3) Oil and liquefied chemicals handling services

During the Reporting Period, the Company recorded an oil and liquefied chemicals throughput of 0.80 million tonnes, representing an increase of 0.05 million tonnes or 6.67% from 0.75 million tonnes for the corresponding period of 2022, which was mainly due to the stable offshore oil in terms of oils, resumption of work and production of the asphalt plants in the hinterland in April during the year, and the steady growth of refined oil products.

(4) Container services

During the Reporting Period, the Company recorded a container throughput of 570,102 TEUs, equivalent to a total throughput of 6.78 million tonnes, representing a decrease in the number of containers handled and throughput of 250,032 TEUs (i.e. 30.49%) as compared with the number of containers handled and throughput of 820,134 TEUs and 8.46 million tonnes for the corresponding period of 2022, respectively. The decrease was mainly due to the increasingly fierce competitive landscape of container business in the Bohai Rim during the Reporting Period.

(5) General cargoes handling services

During the Reporting Period, the Company recorded a throughput of general and other cargoes of 12.96 million tonnes, representing an increase of 0.96 million tonnes or 8.00% from 12.00 million tonnes for the corresponding period of 2022, which was primarily because the Company invested more in market research, strengthen market development, obtained information about cargo sources in the hinterland in time, made market analysis and judgment, and sourced cargo with purpose, plan and timeliness.

(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 Company include tugging, tallying and trans-shipping services. The Company's value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. In the first half year of 2023, the revenue of ancillary port services and value-added services of the Company amounted to RMB44,450.3 thousand, representing an increase of RMB8,908.7 thousand or 25.07% from RMB35,541.6 thousand for the corresponding period of 2022.

5. Tax and Surcharges

During the Reporting Period, the tax and surcharges of the Company amounted to RMB68,254.3 thousand, representing an increase of 1.03% as compared to the corresponding period of last year, mainly due to the increase in environmental protection tax payable driven by throughput growth.

6. Administrative Expenses

During the Reporting Period, the Company's administrative expenses amounted to RMB303,049.0 thousand, representing an increase of 1.21% as compared to the corresponding period of last year, which was mainly due to early retirement benefits increased as compared to that for the corresponding period of last year.

7. Financial Costs

During the Reporting Period, the Company's financial costs amounted to RMB83,256.2 thousand, representing a decrease of 2.26% as compared to the corresponding period of last year, mainly due to the decrease in the scale of bank borrowing during the Reporting Period.

8. Other Income

During the Reporting Period, the Company's other income amounted to RMB31,327.1 thousand, representing a decrease of 14.18% as compared to the corresponding period of last year, mainly due to the decrease in additional deduction on VAT.

9. Investment Income

During the Reporting Period, the Company's investment income amounted to RMB172,114.5 thousand, representing an increase of 100.89% as compared to that for the corresponding period of last year, mainly due to the increase of net profit of the Company's associates for the current period.

10. Net Non-operating Revenue and Expenses

During the Reporting Period, net non-operating revenue and expenses of the Company amounted to RMB3,412.6 thousand, representing a year-on-year increase of 7.39%, which was mainly due to the increase in gains from retirement of non-current assets during the Reporting Period.

11. Income Tax Expense

The Company's income tax expenses decreased by RMB21,705.0 thousand to RMB202,368.9 thousand for the Reporting Period from RMB224,073.9 thousand for the corresponding period of last year. The Company's effective income tax rate decreased to 17.54% for the Reporting Period from 23.91% for the corresponding period of last year, mainly due to the its subsidiary, Cangzhou Mineral Port were entitled to preferential tax treatments of enterprise income tax during the Reporting Period.

12. Net Profit

The Company's net profit for the Reporting Period amounted to RMB951,141.9 thousand, representing an increase of 33.41% as compared to the corresponding period of last year, of which the net profit attributable to owners of the parent company amounted to RMB912,728.1 thousand, representing an increase of 28.24% as compared to the corresponding period of last year. Net profit margin of the Company was 25.47%, representing a year-on-year increase of 4.45%.

13. Earnings Per Share

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

14. Capital Structure, Cash Flows and Financial Resources

During the Reporting Period, the Company's net cash flows generated from operating activities amounted to RMB1,581,817.0 thousand, representing an increase of 7.03% as compared to the corresponding period of last year, mainly due to the increase of cash inflows generated from operating activities.

During the Reporting Period, the Company's net cash flows generated from investing activities amounted to RMB-749,418.8 thousand, representing an increase of 4.77% as compared to the corresponding period of last year, mainly due to the time deposits with maturity of more than three months expired.

During the Reporting Period, the Company's net cash flows from financing activities amounted to RMB-718,103.7 thousand, representing a decrease of 70.29% as compared to the corresponding period of last year, mainly due to the decrease in new borrowings and the increase in repayments of borrowings for the Reporting Period.

As at 30 June 2023, the Company held a balance of cash and cash equivalents of approximately RMB3,562,453.6 thousand, representing an increase of RMB116,425.9 thousand or 3.38% from RMB3,446,027.7 thousand as at 31 December 2022.

As at 30 June 2023, the gearing ratio (total liabilities divided by total assets) of the Company was 33.40%, representing a decrease by 1.37% as compared to the gearing ratio of 34.77% as at 31 December 2022.

15. Exchange Rate Risks

The operations of the Company are mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses are denominated in or settled in RMB, while debts denominated in foreign currencies are mainly used to pay overseas agency fees. As such, the Company has not adopted any foreign exchange hedging arrangement.

16. Pledge of Assets and Contingent Liabilities

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

17. Management of Working Capital

	30 June 2023	30 June 2022
Current ratio (%)	1.73	1.38
Quick ratio (%)	1.68	1.33
Turnover days of trade receivables	2.86	3.09
Turnover days of trade payables	24.37	22.33

As at 30 June 2023, the Company's current ratio and quick ratio were 1.73 and 1.68, respectively, representing an increase as compared with the current ratio of 1.38 and quick ratio of 1.33 as at 30 June 2022. During the Reporting Period, the turnover days of trade receivables was 2.86 days and the turnover days of trade payables was 24.37 days, representing a decrease of 0.23 days and an increase of 2.04 days respectively as compared with the turnover days of trade receivables (3.09 days) and the turnover days of trade payables (22.33 days) for the corresponding period of 2022. The above indicators are within reasonable range.

18. Overview of Major Investments

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

19. Material Acquisition and Disposal

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

20. *Future Plans Relating to Material Investment or Capital Assets*

As of the date of this announcement, save for the information as already disclosed, the Company did not enter into any agreement in respect of any proposed acquisitions and did not have any other future plans relating to material investment or capital assets.

III. PROSPECTS IN THE SECOND HALF OF 2023

In the second half of 2023, with the recovery of the domestic economy and the upcoming “peak season in summer”, coal storage and transportation in winter, and other peak seasons with seasonal features, it is expected to boost, to a certain extent, the demand for bulk commodities, such as coal. Additionally, the Company’s relevant production equipment has been put into operation successively, which enhances its market competitiveness.

Coal business:

In July, it is time to embrace the “peak season in summer”. Daily coal consumption by power plants will constantly operate at high levels, and the demand for industrial coal is expected to release effectively. In October, winter coal storage demand will gradually increase. Moreover, the hydroelectric generation has underperformed this year. On the whole, the coal demand in the second half of the year is expected to improve. The Company will actively expand its business and achieve steady growth in transportation volume by taking advantage of favorable conditions.

Metal ores business:

The Company will take advantage of railway transportation and actively make efforts to ensure that the cargoes from such remote hinterlands as Inner Mongolia and Ningxia arrive at ports, so as to realize the increase in cargo sources.

Oil and liquefied chemicals business:

The Company will continue to make efforts in the businesses of offshore oil and asphalt plants to ensure safe and steady production.

Container business:

The Company will give full play to the advantages of collection and distribution of rail transport, make full use of the relevant supportive policies for container development to be introduced in the future, and make efforts in dry bulk to containers business and sea-rail transport business.

General and other cargo business:

The Company will continue to make efforts in sourcing cargoes and market research and analysis, and strive to introduce new cargo sources while stabilizing existing customers.

IV. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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

V. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

VI. COMPLIANCE WITH THE LISTING RULES AND THE CORPORATE GOVERNANCE CODE

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

During the Reporting Period, QHD Port failed to comply with the requirement under Rule 3.05 of the Listing Rules that an issuer shall appoint two Authorized Representatives. The Board is currently identifying suitable candidates to fill the vacancies of the Authorized Representatives and will ensure that the suitable candidates will be appointed as soon as practicable in order to ensure compliance by the QHD Port with Rule 3.05 of the Listing Rules. As disclosed in the announcement dated 7 February 2023, further announcement(s) will be made by QHD Port as and when appropriate.

VII. COMPLIANCE WITH THE MODEL CODE

During the Reporting Period, QHD Port has adopted the Model Code as the code of conduct for securities transactions by the Directors and the Supervisors of QHD Port to regulate the securities transactions made by the Directors and Supervisors. Upon specific enquiries made to each Director and Supervisor by the Company, all the Directors and Supervisors confirmed that they have complied with the requirements under the provisions of the Model Code during the relevant period.

VIII. INTERIM DIVIDENDS

The Board did not recommend the payment of interim dividends for the six months ended 30 June 2023.

IX. INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

As at 30 June 2023, QHD Port has four independent non-executive Directors, representing more than one third of the Board, one of whom is professional in the accounting field and has experience in financial management.

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of the Listing Rules. The Audit Committee has reviewed the unaudited interim financial report of the Company for the six months ended 30 June 2023.

X. PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The announcement of the interim results of the Company for the six months ended 30 June 2023 is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (<http://www.portqhd.com/>). The interim report of 2023 will be dispatched to the Company's shareholders on or before 30 September 2023 and will be published on the websites of the Hong Kong Stock Exchange and the Company.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“A Share(s)”	domestic-listed RMB ordinary share(s) in the share capital of QHD Port, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Audit Committee”	the audit committee of the Board
“berth”	the place of a dock designated for a vessel to moor
“Board”	the board of Directors of QHD Port
“bulk cargo”	loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo
“Caofeidian Coal Port”	Tangshan Caofeidian Coal Port Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company incorporated in the PRC with limited liability on 29 October 2009, with 51.00% of its equity interest held by the Company as at the date of this announcement
“Cangzhou Mineral Port”	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company established in the PRC with limited liability on 10 April 2012, with 97.59% of its equity interest held by the Company as at the date of this announcement
“Caofeidian Port”	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
“Company, the Company”	Qinhuangdao Port Co., Ltd.* and its subsidiaries
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange
“corresponding period of 2022”	the six months ended 30 June 2022

“Daqin Railway”	the railway line from Hanjialing Station in Datong County, Shanxi Province to the Liucun South Station in Qinhuangdao City, Hebei Province
“Director(s)”	the director(s) of QHD Port
“Economic hinterland” or “Hinterland”	hinterland connected with the port by means of transportation, a territory scope in the port where cargoes are generated from or cargoes to be transshipped through the port are consumed
“general cargo”	a general terms for cargoes of various varieties, nature and packaging forms
“H Share(s)”	Hong Kong listed ordinary share(s) in the ordinary share capital of QHD Port, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“harbor”	land and water surface of the port within the territory of the port and demarcated by the administrative agency of local government
“Hebei Port Group”, “controlling shareholder”, “QHD Port Group”	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which directly holds 56.27% equity interest of the Company
“Huanghua Port”	Huanghua Port in Cangzhou City, Hebei Province
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules of the Hong Kong Stock Exchange
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“QHD Port”	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
“Qinhuangdao Port”	Qinhuangdao Port in Qinhuangdao City, Hebei Province
“Reporting Period”	the six months ended 30 June 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“terminal”	designated for mooring vessels, loading and unloading cargoes and boarding travelers
“TEU”	a statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU)
“throughput”	a measure of the volume of cargo handled by a port. Where cargoes are transshipped, each unloading and loading process is measured separately as part of throughput

By order of the Board
Qinhuangdao Port Co., Ltd.*
ZHANG Xiaoqiang
Chairman

Qinhuangdao, Hebei Province, the PRC
29 August 2023

As at the date of this announcement, the executive Directors of the Company are ZHANG Xiaoqiang, NIE Yuzhong and GAO Feng; the non-executive Directors of the Company are LI Yingxu and XIAO Xiang; and the independent non-executive Directors of the Company are CHEN Ruihua, XIAO Zuhe, ZHAO Jinguang and ZHU Qingxiang.

* *For identification purpose only*