



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

2020

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, GUO Xikun, the chief financial officer, and XIE Hui, 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 considered 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. **Warning of major risks**
The Company has described relevant risks in this report. Please refer to “V. (II) Potential Risks” of “Section IV Business Discussion and Analysis” in this report for more details.
- X. **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 2020
corresponding period of 2019	the six months ended 30 June 2019
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
Cangzhou Bohai Port	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company established in the PRC with limited liability on 31 October 2007, with 96.08% 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
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 transhipped 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
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, Qinhuangdao, Hebei Province	35 Haibin Road, 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
Postal code of registered address of the Company	066001
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 Securities Times Company	
Website designated by the CSRC for publication of interim report	www.sse.com.cn
International website designated by the Stock Exchange for information disclosure	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	For details on change in designated media of information disclosure, please refer to the Announcement on Change in Designated Media of Information Disclosure published on SSE on 19 August 2020 (Announcement no.: 2020-021)

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	2,995,402,079.12	3,390,705,885.07	-11.66
Net profit attributable to Shareholders of the listed Company	575,741,812.29	549,099,796.92	4.85
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	554,253,555.09	517,397,115.31	7.12
Net cash flow generated from operating activities	1,271,720,867.36	1,526,884,323.54	-16.71

	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	14,744,134,191.58	14,610,442,895.38	0.92
Total assets	25,475,843,345.17	25,479,855,440.54	-0.02

(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)	0.10	0.10	0
Diluted earnings per share (RMB/Share)	0.10	0.10	0
Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)	0.10	0.09	11.11
Weighted average return on net assets (%)	3.86%	3.87%	Decrease by 0.01 percentage point
Weighted average return on net assets after deducting non-recurring profits and losses (%)	3.71%	3.65%	Increase by 0.06 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	683,884.29	
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)	28,406,800.68	
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	1,296,562.42	
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	2,007,863.00	
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	-3,469,284.18	
Other profit or loss items that fall within the meaning of non-recurring profit and loss		
Impact on non-controlling interests	-505,276.88	
Impact on income tax	-6,932,292.13	
Total	21,488,257.20	

X. OTHERS

Applicable Not applicable

SECTION III BUSINESS HIGHLIGHTS

I. PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY DEVELOPMENT OF THE COMPANY 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 RMB100,000 and qualified for tendering shall be purchased by the Company by way of tendering, and resources of more than RMB500,000 shall be purchased through public tendering. Resources of under RMB100,000, 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 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 BUSINESS HIGHLIGHTS

(III) Industry Overview

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. MATERIAL CHANGES IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

Applicable Not applicable

Please refer to "III. (III) Analysis of assets and liabilities" of "Section IV Business Discussion and Analysis" for the details of changes in major assets.

Including: overseas assets of 63,011,911.94 (Unit: Yuan, Currency: RMB), representing 0.25% of the total assets.

III. 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. The Phase 2 of coal terminal project in Caofeidian Port Zone of 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 officially started in June 2020.

- 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 BUSINESS HIGHLIGHTS

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, Datong Coal Mine 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 and intelligent entrance system, so that trucks enter the port more safely and efficiently. The Company has intensified the renewal of equipment and facilities to improve operational efficiency.

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 improved the salary management system and further optimized the salary structure. The Company has strengthened audit and supervision, and promoted the establishment of the compliance management system.

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, carried out the construction of a dual control system for safety risk identification and hidden danger management, and concentrated on rectifying hidden dangers in safe production.

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

I. INDUSTRY OVERVIEW

(1) General Situation

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

(2) Overview of Port Industry in the PRC

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

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

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

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

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

II DISCUSSION AND ANALYSIS OF OPERATIONS

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

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

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

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

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

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

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

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

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

1. Dry bulk cargoes handling services

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

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

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

2. Oil and liquefied chemicals handling services

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

3. Container services

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

4. General cargoes handling services

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

5. Ancillary port services and value-added services

The Company also provides a variety of ancillary port services and value-added services. Ancillary port services of the Group include tugging, tallying, trans-shipping, and shipping agency services. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. In the first half year of 2020, the revenue of ancillary port services and value-added services of the Company amounted to RMB49,660,000, representing a decrease of RMB3,970,000 or 7.40% from RMB53,630,000 for the corresponding period of 2019.

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

III. 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	2,995,402,079.12	3,390,705,885.07	-11.66
Operating costs	1,782,650,850.89	1,891,445,242.95	-5.75
Selling expenses	0.00	61,464.53	-100.00
Administrative expenses	305,437,657.13	614,301,550.89	-50.28
Financial expenses	138,894,242.03	155,620,529.30	-10.75
Research and development expenses	3,076,399.45	3,871,210.49	-20.53
Net cash flows from operating activities	1,271,720,867.36	1,526,884,323.54	-16.71
Net cash flows from investing activities	-594,719,758.08	-169,537,081.38	-250.79
Net cash flows from financing activities	-634,023,684.44	-463,745,860.91	-36.72

Principal Operations of the Company by Industries, Products and Regions

Unit: Yuan Currency: RMB

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

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

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

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

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

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

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

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 RMB1,271,720,900, representing a decrease of 16.71% as compared to the corresponding period of last year, mainly due to the decrease in cash generated from the sale of goods and provision of services attributable to the decrease in revenue as compared to the corresponding period of last year.

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

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 RMB-634,023,700, representing a decrease of 36.72% as compared to the corresponding period of last year, mainly due to the increase in shareholder dividends paid in the Reporting Period as compared to the corresponding period of last year.

2. Others

(1) Detailed explanation of major changes in the structure or sources of Company's profits

Applicable Not applicable

(2) Others

Applicable Not applicable

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

Applicable Not applicable

SECTION IV BUSINESS 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	3,077,521,029.15	12.08	2,805,072,385.39	11.01	9.71	
Financial assets held for trading	170,000,000.00	0.67	0.00	0.00	-	
Bills receivable	194,097,706.00	0.76	172,344,886.06	0.68	12.62	
Accounts receivable	92,362,178.38	0.36	81,480,463.58	0.32	13.35	
Prepayments	13,562,578.41	0.05	10,763,773.91	0.04	26.00	
Other receivables	154,734,310.25	0.61	47,843,613.54	0.19	223.42	
Inventories	199,504,371.88	0.78	186,149,733.94	0.73	7.17	
Other current assets	91,463,591.39	0.36	108,861,397.06	0.43	-15.98	
Long-term equity investments	2,941,119,723.03	11.54	2,933,977,826.03	11.51	0.24	
Other equity investments	817,446,118.17	3.21	792,793,162.66	3.11	3.11	
Fixed assets	13,864,957,576.55	54.42	14,386,455,466.64	56.46	-3.62	
Construction in progress	844,131,138.54	3.31	818,663,594.98	3.21	3.11	
Right-of-use assets	130,017,661.39	0.51	136,087,991.44	0.53	-4.46	
Intangible assets	2,406,602,150.64	9.45	2,442,851,949.55	9.59	-1.48	
Long-term prepaid expenses	75,767,646.93	0.30	67,553,845.97	0.27	12.16	
Deferred tax assets	367,099,832.83	1.44	410,276,375.66	1.61	-10.52	
Other non-current assets	35,455,731.63	0.14	78,678,974.13	0.31	-54.94	
Short-term borrowings	194,294,833.98	0.76	151,811,497.31	0.60	27.98	
Accounts payable	316,070,261.78	1.24	164,642,529.63	0.65	91.97	
Contracts liabilities	494,366,165.84	1.94	526,176,060.80	2.07	-6.05	
Employee benefits payable	644,651,418.47	2.53	641,772,243.05	2.52	0.45	
Taxes payable	171,475,269.71	0.67	136,546,991.12	0.54	25.58	
Other payables	548,250,264.46	2.15	618,070,938.59	2.43	-11.3	
Non-current liabilities due within one year	824,951,163.06	3.24	698,268,300.47	2.74	18.14	
Long-term borrowings	5,669,237,997.98	22.25	5,883,682,492.98	23.09	-3.64	
Lease liabilities	3,685,042.35	0.01	7,521,511.19	0.03	-51.01	
Long-term payable	238,400,000.00	0.94	238,400,000.00	0.94	0	
Long-term employee benefits payable	432,047,411.64	1.70	532,928,001.35	2.09	-18.93	
Provisions	28,356,993.00	0.11	33,860,000.00	0.13	-16.25	
Deferred income	225,443,509.36	0.88	243,113,352.90	0.95	-7.27	
Deferred income tax liabilities	20,942,962.56	0.08	14,779,723.68	0.06	41.70	

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

Other details:

1. Accounts receivable as at 30 June 2020 amounted to RMB170,000,000.00, mainly due to the purchase of wealth management products by Qinhuangdao Xin'gangwan Container Terminal Co. Ltd, a subsidiary of the Company.
2. Other receivables as at 30 June 2020 amounted to RMB154,734,300.00, representing an increase of 223.42% from the beginning of the year, mainly due to the increase in dividend receivables by the Company.
3. Other non-current assets as at 30 June 2020 amounted to RMB35,455,700.00, representing a decrease of 54.94% from the beginning of the year, mainly due to settlement and refund of income tax of Cangzhou Mineral Port, a subsidiary of the Company, and the use of deductible input VAT by Cangzhou Mineral Port and Caofeidian Coal Port, subsidiaries of the Company.
4. Accounts payable as at 30 June 2020 amounted to RMB316,070,300.00, representing an increase of 91.97% from the beginning of the year, mainly due to the increase in repair costs payable by the Company and the increase in other operating amounts.
5. Lease liabilities as at 30 June 2020 amounted to RMB3,685,000.00, representing a decrease of 51.01% from the beginning of the year, mainly due to a portion of them classified into non-current liabilities due within one year based on its liquidity.
6. Deferred income tax liabilities as at 30 June 2020 amounted to RMB20,943,000.00, representing an increase of 41.70% 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. Restrictions on major assets as at the end of the Reporting Period

Applicable Not applicable

3. Other Explanation

Applicable Not applicable

(1) Gross Profit Margin

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

(2) Tax and Surcharges

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

(3) Other Income

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

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

(4) Investment Income

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

(5) Gain on Disposal of Assets

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

(6) Net Non-operating Revenue and Expenses

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

(7) Income Tax Expense

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

(8) Net Profit

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

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

(9) Bank Loans and Other Borrowings

The details of bank borrowings and other borrowings of the Company as at 30 June 2020 are set out in "17. Short-term borrowings", "23. Non-current liabilities due within one year" and "24. Long-term borrowings" of Section X "V. Notes to Key Items of the Consolidated Financial Statements".

(10) Exchange Rate Risks

The operations of the Group 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 Group has not adopted any foreign exchange hedging arrangement.

(11) Pledge of Assets and Contingent Liabilities

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

(12) Capital Commitments

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

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

(13) Management of Working Capital

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

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

(IV) Investment Analysis

I. 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 RMB2,941,119,700, representing an increase of RMB7,141,900 or 0.24% from the beginning of the Reporting Period. For details of such changes refer to "8. Long-term Equity Investments" set out in Section X "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 "30. Fair Value Measurement" of Section X "III. Major Accounting Policies and Accounting Estimates" and "1. Assets and Liabilities Measured at Fair Value" of Section X "VIII. Disclosure of Fair Value".

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

(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 RMB2,715,348,200. Its headquarters is located in Bohai New District, Cangzhou City, Hebei Province. It mainly engages in stevedoring and stacking business. As at 30 June 2020, the total assets of Cangzhou Mineral Port was RMB8,751,150,800, of which the net assets were RMB5,623,382,400. For the six months ended 30 June 2020, the revenue of Cangzhou Mineral Port was RMB709,927,800, and the operating profit was RMB65,143,500. Net profit was RMB47,347,200, accounting for 8.22% 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 providing terminal facilities, stevedoring and storage services. As at 30 June 2020, the total assets of Caofeidian Coal Port was RMB5,434,016,800, of which the net assets were RMB1,169,748,900. For the six months ended 30 June 2020, the revenue of Caofeidian Coal Port was RMB221,167,200 and the operating profit was RMB-131,380,000. Net loss was RMB131,380,000, accounting for -22.82% of net profit attributable to the parent company.

Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司) 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 2020, the total assets of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB7,317,111,300, of which the net assets were RMB4,253,660,900. For the six months ended 30 June 2020, the revenue of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB883,724,400, and the operating profit was RMB391,815,000. Net profit was RMB296,598,700, and the Company's share of investment income in proportion to shareholding accounted for 18.05% of net profit attributable to the parent company.

(VII) Structured entities under the control of the Company

Applicable Not applicable

IV. PROSPECTS IN THE SECOND HALF OF 2020

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

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

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

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

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

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

SECTION IV BUSINESS DISCUSSION AND ANALYSIS

V. OTHER DISCLOSURES

(I) Caution and explanation as to the possibility of anticipated accumulated net profits being losses from the beginning of the year to the end of next reporting period or significant changes over the corresponding period of last year

Applicable Not applicable

(II) 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. In addition, a series of national strategies and policies are introduced one after another, such as the Coordinated Development of Beijing-Tian-Hebei Area, One belt and One Road Initiative, Xiong'an New Area, Free Trade Area and Reform on State-owned Enterprises. A new development pattern with priority on domestic circulation and mutual reinforcement between domestic and international circulations is under gradual development. These have injected vitality in regional economic development and also provided outer elements for the transformation development of ports. Recently, the Company mainly has the following risk exposures:

1. Under the macro circumstance of the increase in UHV power transmission and the substitution effect of clean energy, the general demand in domestic traded market of coal may continue to be limited.
2. As the global Epidemic is still severe, the increasing downward pressure on the external economy will restrict China's economic development to a certain extent
3. Under the background of a slowdown in the overall demand for coal, the competition in Bohai Rim area may be more severe.
4. Upon the opening of Mangolia-Hebei Railway, certain upstream resources will be transported directly by railways to terminals or, with further improvement of supporting facilities, subdivided step by step to the downstream of coal areas in Bohai Rim area.

(III) Other Disclosures

Applicable Not applicable

SECTION V SIGNIFICANT EVENTS

I. SUMMARY OF GENERAL MEETINGS

Session of meeting	Date	Media in which resolutions were disclosed	Date of disclosure
2019 annual general meeting	5 June 2020	www.sse.com.cn www.hkexnews.hk	6 June 2020 5 June 2020

Explanation of General Meetings

Applicable Not applicable

QHD Port convened the 2019 annual general meeting on 5 June 2020. 9 resolutions, namely the Resolution Regarding the Report of the Board of Directors of the Company for 2019, the Resolution Regarding the Report of the Supervisory Committee of the Company for 2019, the Resolution Regarding the Final Financial Report of the Company for 2019, the Resolution Regarding the 2019 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 2020 and the Audit Fees for the Year 2020, the Resolution Regarding the Re-appointment of the Internal Control Auditor of the Company for the Year 2020 and the Internal Control Audit Fees for the Year 2020, the Resolution Regarding the Directors' 2019 Annual Remuneration, the Resolution Regarding the Supervisors' 2019 Annual Remuneration and the Resolution Regarding the Change of the Business Scope of the Company and Amendments to the Articles of Association of the Company were considered and approved.

II. PLANS FOR PROFIT DISTRIBUTION OR COMMON RESERVE CAPITALIZATION

(I) Plans For Profit Distribution or Common Reserve Capitalization for the Half Year

Distribution or capitalization	No
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SECTION V SIGNIFICANT EVENTS

III. FULFILLMENT OF COMMITMENTS ON A SHARES

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

√ Applicable □ Not applicable

Undertaking background	Type of undertaking	Undertaking party	Content 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	Lock-up of shares	HPG	The shares of QHD Port held by it will not be transferred or managed by others, nor will it be repurchased by QHD Port within 36 months from the date of this issuance. If the closing price of the shares of QHD Port is lower than the issue price for 20 consecutive trading days within 6 months after the listing of the shares of QHD Port, or the closing price is lower than the issue price at the end of 6 months after the listing, the lock-up period of the shares of QHD Port held by it shall be automatically extended for 6 months. The issue price refers to the issue price of the shares to be issued by QHD Port. In the event that QHD Port carries out ex-rights or ex-dividends due to reasons such as profit distribution, conversion of capital reserve into share capital, additional issuance and placing after listing, such ex-rights or ex-dividends shall be dealt with in accordance with the relevant provisions of the stock exchange.	36 months from the listing date of A shares of QHD Port	Yes	Yes		
	Lock-up of shares	Qinhuangdao Port Administration Office of Shanxi Provincial People's Government	The shares of QHD Port held by it will not be transferred or managed by others, nor will it be repurchased by QHD Port within 36 months from the date of this issuance.	36 months from the listing date of A shares of QHD Port	Yes	Yes		
	Intention to sell down	HPG	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.	2 years after the expiration of the lock-up period	Yes	Yes		

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Undertaking background	Type of undertaking	Undertaking party	Content 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
	Intention to sell down	State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City	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.	2 years after the expiration of the lock-up period	Yes	Yes		
	Dealing with horizontal competition	HPG	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: 1. None of the controlling 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 endeavors 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.	Long term	No	Yes		

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			<p>2. If HPG or the holding 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 holding enterprise, it shall immediately notify QHD Port in writing and use its best endeavors to procure that such business opportunity is first offered to QHD Port or its holding enterprise on reasonable and fair terms and conditions.</p> <p>3. 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 (including but not limited to Jiangsu Guoxin) 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.</p> <p>4. When HPG and HPG's holding 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 holding enterprises (including but not limited to Jiangsu Guoxin), HPG and HPG's holding enterprises other than QHD Port will provide QHD Port or its holding 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 holding enterprises in the above circumstances.</p> <p>5. From the date of this letter of undertaking, HPG undertakes to indemnify QHD Port or its controlled entities against all actual losses, damages and expenses suffered by HPG or its controlled entities as a result of any breach of any terms of this letter of undertaking.</p> <p>6. This letter of undertaking shall terminate upon the earlier of:</p> <p>(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</p> <p>(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).</p>					

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	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		

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Disclosure of information undertaking		HPG	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.	Long term	No	Yes		
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 favor of the relevant resolution in relation to the repurchase of shares.	Long term	No	Yes		

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	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		
	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		
	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		

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	Proposal on stabilizing share price	Directors (excluding independent Directors) and senior management of HPG and QHD Port	<p>Within three years after the listing of A shares, if not due to force majeure, the closing price of A shares is lower than the latest audited net asset per share for 20 consecutive trading days (If, after the date of the latest audit, the net assets or the number of Shares have changed due to profit distribution, conversion of capital reserve into share capital, additional issuance, placement of shares, etc., the net asset per share shall be adjusted accordingly), and the Company's situation meets the requirements of laws, administrative regulations, departmental rules, normative documents and regulatory authorities for changes in share capital such as repurchase and increase in share capital, which will trigger the obligation of controlling shareholders, directors (Excluding independent directors, same below) and senior management to increase in shareholding (Hereinafter referred to as "trigger obligation to increase shareholding"). Specific measures of this plan include:</p> <p>1) Within 10 trading days after the obligation to acquire additional shares is triggered, the controlling shareholder shall notify the Company in writing as to whether he/she has any specific plan to acquire additional A shares, and the Company shall make an announcement. If there is any specific plan, the information including the number of shares to be acquired, price range and completion time shall be disclosed, and the total amount of additional shares to be acquired under the plan shall not be less than RMB50,000,000.</p> <p>2) If the controlling shareholder fails to announce the aforesaid specific plan for increase in shareholding as scheduled, or expressly indicates that there is no plan for increase in shareholding, the Board of Directors will announce whether there is any specific plan for share repurchase within 20 trading days after the obligation for increase in shareholding is triggered for the first time. If any, the information including the number of shares to be repurchased, price range and completion time shall be disclosed, and the total amount of such repurchase shall not be less than RMB50,000,000.</p> <p>3) If the Board of Directors fails to announce the aforesaid share repurchase plan as scheduled, or the aforesaid share repurchase plan fails to be approved at the general meeting due to various reasons, the directors and senior management of the Company shall, within 30 trading days after the obligation to increase shareholding is triggered for the first time (If there is N trading day to restrict the trading of shares by directors and senior management, the directors and senior management shall, within 30 + N trading day after the obligation to increase shareholding is triggered for the first time) or within 10 trading days after the aforesaid plan fails to be approved at the general meeting (if there is N trading day to restrict the trading of shares by directors and senior management during the period, the directors and senior management shall, within 10 + N trading days after the aforesaid plan fails to be approved at the general meeting, unconditionally increase their shareholding in the Company's shares in A, and their respective accumulated amount of increase in shareholding shall not be less than 20% of the total remuneration received from the Company in the preceding year.</p> <p>Shareholders who individually or jointly hold more than 3% of the Shares may submit a proposal in relation to the share repurchase plan of the Company to the Board of Directors for consideration and approval at the general meeting.</p>	36 months from the listing date of A shares of QHD Port	Yes	Yes		

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			<p>The restrictive measures in this plan include:</p> <p>For the controlling shareholders, if the specific plan for increase in shareholding has been announced but cannot be actually performed due to subjective reasons, the Company shall withhold the cash dividend payable to the controlling shareholder in an amount equivalent to the obligation of the controlling shareholder to increase shareholding until the controlling shareholder fulfills its obligation to increase shareholding; If the obligation to increase shareholding has been triggered twice consecutively and the controlling shareholder has failed to propose a specific plan for increase in shareholding, the Company may retain the cash dividend payable to the controlling shareholder in an amount equivalent to the obligation to increase shareholding by the controlling shareholder for the purpose of the share repurchase plan, and the controlling shareholder shall lose its right of recourse to the corresponding amount of cash dividend; If the controlling shareholder has abstained from voting or voted against the share repurchase plan proposed by board of directors, the Company may retain the cash dividend payable to the controlling shareholder in an amount equivalent to the obligation of the controlling shareholder to increase shareholding for the next share repurchase plan, and the controlling shareholder shall lose the right of recourse to the corresponding amount of cash dividend.</p> <p>The Directors and senior management of the Company shall actively perform their obligation of increasing shareholding. If an individual fails to perform his/her obligation of increasing shareholding according to the relevant agreement of this plan due to subjective reasons during his/her term of office, the Company shall perform his/her obligation of increasing shareholding on his/her behalf with a salary equivalent to the amount of his/her obligation of increasing shareholding; If an individual fails to perform his/her obligation to increase shareholding for two consecutive times during his/her term of office, the controlling shareholder or the Board of Directors shall propose to the shareholders' general meeting to approve the change of the relevant director, and the board of directors shall propose to dismiss the relevant senior management.</p> <p>If the Company and its controlling shareholder (s), Directors and senior management are unable to perform their obligations to increase shareholding or repurchase shares within a certain period by virtue of the minimum shareholding ratio of public Shareholders as required under securities regulatory regulations, such as the listing rules of the place in which the Shares are listed, the relevant responsible parties may be exempted from the abovementioned punishments but shall proactively take other measures to stabilize the share price.</p>					

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	Restrain 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) provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors as much as possible; 3) submitting the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) QHD Port will 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) timely and fully disclose the specific reasons for the failure, inability or inability to perform the undertaking of QHD Port; 2) 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		

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	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) 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) 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) submitting 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 commitments 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) timely and fully disclose the specific reasons for its failure, inability or inability to perform on schedule through QHD Port; 2) 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		

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	Restrain 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) 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) 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) submitting 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.</p> <p>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) 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) 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		

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Undertaking background	Type of undertaking	Undertaking party	Content 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
	Restrain 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) 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) 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) submitting 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) 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) 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 V SIGNIFICANT EVENTS

IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Description of appointment and dismissal of accounting firms

Applicable Not applicable

On 5 June 2020, the Resolution Regarding the Re-appointment of the Auditor of the Company for the Year 2020 and the Audit Fees for the Year 2020 was considered and approved at the 2019 annual general meeting of QHD Port, which approved the re-appointment of Ernst & Young Hua Ming LLP as the auditor of the Company for the year 2020, who will hold office until the conclusion of the 2020 annual general meeting, and the audit fees of RMB4 million (inclusive of tax) for the financial statements for 2020. At the meeting, the Resolution Regarding the Re-appointment of the Internal Control Auditor of the Company for the Year 2020 and the Internal Control Audit Fees for the Year 2020 was considered and passed to agree the re-appointment of Ernst & Young Hua Ming LLP as the internal control auditor of the Company for the year 2020, who will hold office until the conclusion of the 2020 annual general meeting. The total internal control audit fees for the year 2020 will be RMB0.7 million (inclusive of tax).

Description of change of accounting firms during the audit period

Applicable Not applicable

The Company's description of "Non-Standard Auditors' Report" of the accounting firm

Applicable Not applicable

The Company's description of "Non-Standard Auditors' Report" on the financial report in the annual report for the previous year issued by the accountant

Applicable Not applicable

V. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

Applicable Not applicable

VI. MATERIAL LITIGATIONS AND ARBITRATIONS

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

(I) Litigation and arbitration issues that have been disclosed in the provisional announcements and without subsequent development

Applicable Not applicable

Summary and type of event	Query index
<p>On 30 January 2018, Cangzhou Bohai Port, a controlled subsidiary of the Company, received a summons issued by the Intermediate People's Court of Cangzhou City, Hebei Province, in which the plaintiff is China Construction Sixth Engineering Division, the defendant is Cangzhou Bohai Port, and the case is about a construction contract dispute with amount of RMB33,864,106.08 and the related interests. During the first instance of the trial, the claim from China Construction Sixth Engineering Division was dismissed, the case acceptance fee of RMB289,791 was borne by the plaintiff China Construction Sixth Engineering Division.</p> <p>On 14 September 2018, Cangzhou Bohai Port received a subpoena issued by the High People's Court of Hebei Province [Case No.: (2018) Ji Min Zhong No. 869] and a statement of appeal.</p> <p>On 17 October 2018, Cangzhou Bohai Port received the civil judgment ((2018) Ji Min Zhong No. 869) from the High People's Court of Hebei Province, pursuant to which the High People's Court of Hebei Province would revoke the civil judgment (2018) Ji Min Chu No. 91 and send the case to the Intermediate People's Court of Cangzhou City for retrial.</p> <p>On 2 January 2020, Cangzhou Bohai Port received a civil judgement ((2018) Ji 09 Min Chu No. 395) from the Intermediate People's Court of Cangzhou City, and on 14 January 2020, Cangzhou Bohai Port filed an appeal.</p>	<p>Please refer to the relevant announcements published on the website of the SSE, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily by QHD Port: Announcement on Litigation of Controlling Subsidiaries (Announcement No: 2018-004), Announcement on the Progress of Controlling Subsidiaries' Litigation (Announcement No: 2018-020), Announcement on the Progress of Controlling Subsidiaries' Litigation (Announcement No: 2018-028), Announcement on the Progress of Controlling Subsidiaries' Litigation (Announcement No: 2018-031), Announcement on the Progress of Controlling Subsidiaries' Litigation (Announcement No: 2020-001) and Litigation Announcement published on the website of the Stock Exchange on 31 January, 29 June, 18 September and 18 October 2018 and 3 January 2020.</p>

SECTION V SIGNIFICANT EVENTS

(II) Litigation and arbitration issues that have not been disclosed in the provisional announcement or with subsequent development

Applicable Not applicable

(III) Other Description

Applicable Not applicable

VII. PENALTY AND RECTIFICATION AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, BENEFICIAL CONTROLLER AND ACQUIRER

Applicable Not applicable

VIII. EXPLANATION ON INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not applicable

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

IX. 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 SIGNIFICANT EVENTS

X. MATERIAL RELATED/CONNECTED TRANSACTIONS

(I) Related/connected 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 QHD Port, on 28 September 2018, the Company entered into the Leasing Framework Agreement with HPG, with effect from 1 January 2019 to 31 December 2021. According to the Leasing 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 (including subsidiaries and units, same as in the following section). The pricing principle of the 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 Leasing 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 SSE on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Stock Exchange on 28 September 2018 published by QHD Port.

In the first half of 2020, the Company incurred the rental of RMB58,069,365.52 according to the Leasing 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 the 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 service and product, 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.

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 SSE on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Stock Exchange on 28 September 2018 published by QHD Port.

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

In the first half of 2020, the Company provided services to HPG, with an amount of RMB36,391,447.90; HPG provided services to the Company, with an amount of RMB123,893,035.63.

SECTION V SIGNIFICANT EVENTS

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 the 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 and 2021 is 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 and 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 ("PBOC") and the benchmark loan rate (if any) regularly issued by the PBOC 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 the loan to HPG and its subsidiaries and units (except for the Company) in the same period.

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 SSE on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Stock Exchange on 28 September 2018 published by QHD Port.

For the six months ended 30 June 2020, 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 balance) at the actual transaction date were RMB2,712,527,970.93 and RMB554,000,000.00, respectively. In terms of Other Financial Services, the actual transaction amount was RMB0.00.

3. Events not disclosed in extraordinary announcements

Applicable Not applicable

SECTION V SIGNIFICANT EVENTS

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

1. Events disclosed in extraordinary announcements without further development or change in subsequent implementation
 Applicable Not applicable
2. Events disclosed in extraordinary announcements and with further development or change in subsequent implementation
 Applicable Not applicable
3. Events not disclosed in extraordinary announcements
 Applicable Not applicable
4. Results which are relating to result agreements and shall be disclosed for the Reporting Period
 Applicable Not applicable

(III) Material connected 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) Related creditor's right and debt transactions

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 controlled subsidiary of the Company, will carry out factoring business with Jigang Commercial Factoring (Tianjin) Co., Ltd., an indirectly controlled subsidiary 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 Related Party Transaction in relation to the Factoring Business to be Carried Out by a Controlled subsidiary" of QHD Port published on the SSE on 29 August 2019 (Announcement No.: 2019-024).

As of 30 June 2020, the daily cap for the factoring business between Caofeidian Coal Port and Jigang Commercial Factoring (Tianjin) Co., Ltd. was RMB24,164,700. During the Reporting Period, the financing interest and handling fees amounted to RMB717,100 in aggregate.

3. Matters not disclosed in extraordinary announcements
 Applicable Not applicable

SECTION V SIGNIFICANT EVENTS

(V) Other material connected transactions

Applicable Not applicable

(VI) Others

Applicable Not applicable

XI. MATERIAL CONTRACTS AND THEIR EXECUTION

1 Trust, contracting and lease matters

Applicable Not applicable

2 Guarantee

Applicable Not applicable

3 Other material contracts

Applicable Not applicable

XII. POVERTY ALLEVIATION MEASURES OF THE LISTED COMPANY

Applicable Not applicable

1. Targeted poverty alleviation programs

Applicable Not applicable

Under the guidance of General Secretary Xi Jinping's important instructions on winning the battle against the epidemic prevention and control as well as the decisive battle against poverty, the Company has implemented the "Four Continuing Requirements", adhering to development-oriented poverty alleviation, cultivating leading industries in poor villages, expanding income-increasing projects, and stabilizing support for poverty alleviation. The Company has promoted the sales of poverty alleviation products, enhanced the development capabilities of poverty alleviation industries, and improved the mechanism for preventing poverty and return to poverty; strengthened the leadership of party building to help, stimulate organic growth momentum, and created an "unchanged work team" to fully achieve the goal of poverty alleviation.

2. Overview of targeted poverty alleviation during the Reporting Period

Applicable Not applicable

In the first half of 2020, the Company earnestly implements the work arrangement of the central, provincial and municipal governments for poverty alleviation. The Company coordinated the prevention and control of the epidemic and assisted in the villages, giving full play to the advantages of the port, implementing classified policies, and taking the initiative to achieve initial results in consolidating the results of poverty alleviation. The senior management of the Company inspected the poverty-stricken villages, voluntarily made research and build connections in terms of poverty alleviation and held the scheduling meeting of poverty alleviation to provide guidance for poverty alleviation. Work teams resided in the poverty-stricken villages were full of enthusiasm, kept motivated and cooperated with the township party committee to strengthen and improve poverty alleviation in a planned way and by steps. Through fulfilling the duties, improving service standards, focusing on the industry and pursuing for development, there was a constant improvement of satisfaction from the public. The assistance units and the persons responsible for the assistance visited the poverty-stricken homes on time to publicize poverty alleviation policies and knowledge of epidemic prevention and control, and sent them the warmth of the party and the care of society.

SECTION V SIGNIFICANT EVENTS

3. Achievements of targeted poverty alleviation

√ Applicable □ Not applicable

Unit: RMB0'000 Currency: RMB

Indicator	Amount and details
I. Overall situation	
Including: 1. Funds	0.64
2. Worth of materials	43.85
3. Number of beneficiaries in recorded poor population (person)	267
II. Contribution to segments	
1. Poverty alleviation by industrial development	
Including: 1.1 Type of industrial poverty alleviation project	<input checked="" type="checkbox"/> Agriculture and forestry <input type="checkbox"/> Tourism <input type="checkbox"/> E-commerce <input type="checkbox"/> Assets income <input type="checkbox"/> Science and technology <input type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects (unit)	1
1.3 Contribution to industrial poverty alleviation projects	
1.4 Number of beneficiaries in recorded poor population (person)	
2. Poverty alleviation by transfer of employment	
Including: 2.1 Invested amount to vocational skills training	
2.2 Number of person for vocational skills training (person/time)	
2.3 Number of registered poor households who were helped to be employed (person)	
3. Poverty alleviation by relocation	
Including: 3.1 Number of people helped to relocate and find a job (person)	
4. Poverty elimination through education	
Including: 4.1 Invested amount to endow poor students	0.04
4.2 Number of endowed poor students (person)	1
4.3 Invested amount to improve the educational resources of poor areas	
5. Poverty alleviation through improvement in health	
Including: 5.1 Invested amount of medical resources in impoverished areas	
6. Poverty alleviation through ecological protection	
Including: 6.1 Type of projects	<input type="checkbox"/> Conduct ecological protection <input type="checkbox"/> Establish compensation method for ecological protection <input type="checkbox"/> Set up non-profit positions for ecology <input type="checkbox"/> Other
6.2 Invested amount	
7. Basic income guarantee	
Including: 7.1 Contributions to helping left behind children, women and the elderly	0.6
7.2 Number of left behind children, women and the elderly helped (person)	30
7.3 Contributions to helping poor physically disabled people	
7.4 Number of poor physically disabled people (person)	
8. Social poverty alleviation	
Including: 8.1 Invested amount of east-west cooperation for poverty alleviation	
8.2 Invested amount to targeted poverty alleviation work	
8.3 Public poverty alleviation fund	
9. Other projects	
Including: 9.1. Number of projects (item)	5
9.2. Invested amount	43.85
9.3. Number of people documented as poor people who were helped to be out of poverty (person)	267
9.4. Descriptions of other items	Poverty alleviation consumption by way of donation with purchase of 398,000, home's appearance improvement donations for villagers of 13,000, household visits with sympathy supplies of 19,500, anti-epidemic supplies donations of 5,600, and donations to the seriously ill and poverty stricken households of 2,400.
III. Achievements and honors (content, level)	

SECTION V SIGNIFICANT EVENTS

4. Staged progress of the fulfilment of social responsibility regarding targeted poverty alleviation

Applicable Not applicable

The Company regards poverty alleviation as the top priority in fulfilling its social responsibility. In the first half of 2020, the senior management of the Company went to the front line of poverty alleviation five times to supervise and promote poverty alleviation work, held poverty alleviation scheduling meetings and on-site meetings to study and solve real problems, visited poor households, and visited village cadres. The Company fully supported the work teams in villages to carry out epidemic prevention and control work, donating epidemic prevention supplies such as tents, masks, and temperature guns worth more than RMB5,600. The Company conducted poverty alleviation consumption in depth by establishing "Poverty Alleviation Consumption Care Counters" in corporate canteens. Through poverty alleviation consumption, Shuanghesheng Ecological Agricultural Products Co., Ltd. was promoted to establish 40 acres of "Poverty Alleviation Demonstration Base for Centralized Raw Material Purchasing", which was a useful attempt to form an effective poverty alleviation industry, and improve employment and the income of the poor. The Company guided village collective enterprises to standardize operations and continue improve their management level; carried out the activities of "Grasping Party Building, Preventing Epidemic, Promoting Poverty Alleviation, and Protecting a Well-off Society", to make up for shortcomings, strengthen the team, increase the party spirit, and continuously improve the organization and combat effectiveness of the two committees; organized 23 persons responsible for assistance to pair up to help 94 poor households, solved production and life problems, and promoted epidemic prevention and control and poverty alleviation policies, which gained wide public recognition.

5. Subsequent targeted poverty alleviation programs

Applicable Not applicable

2020 is the year to finish the battle against poverty alleviation and make decisive achievements. Work teams of the Company resided in the poverty-stricken villages will fully implement the requirements of strategic arrangement for poverty alleviation efforts of the central, provincial and municipal governments, striving to successfully complete the national poverty alleviation census. The Company will coordinate with township party committees, township governments and the two village committees to prepare well for the "Provincial Examination" and "National Examination", fulfill their duties such as village-resident assistance and pair assistance with high quality, establish poverty alleviation workshops, extend the industrial chain of agricultural and sideline products, and consolidate the results of poverty alleviation; actively carry out "poverty alleviation consumption" to enhance the organic growth momentum for poverty alleviation, and establish the long-term anti-poverty mechanism, step up efforts in the "spiritual assistance", strengthen the effectiveness of poverty reduction, so as to complete the annual poverty alleviation task with high quality.

XIII. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

XIV. 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 the key pollutant discharge unit of Qinhuangdao City in 2020. In the first half of 2020, the Company did not discharge production waste water. Unorganized and organized sources of dust reached the discharged standard and met the requirements of sewage permission.

2. Construction and operation of pollution prevention facilities

Applicable Not applicable

In the first half of 2020, the Company completed the main construction of shore power at Berths 706#, 707#, 901# and 902#. At the same time, the Company continued to strengthen the use and management of the original environmental protection equipment and facilities, strengthen the management, use, maintenance and repair of environmental protection equipment and facilities, and ensure the operation effect. At present, all pollution prevention equipment and facilities function well.

SECTION V SIGNIFICANT EVENTS

3. Environmental impact assessment of construction projects and other permits granted by environmental protection administrative departments
 Applicable Not applicable
The Company strictly abode by the requirements of pollution permit management. The pollutant sewage reached the discharge standard. The pollution prevention equipment and facilities functioned well.
4. Contingency plans for environmental emergencies
 Applicable Not applicable
The Company organized a comprehensive emergency drill for production safety accidents and environmental emergencies on 14 July 2020, strengthened the summary and evaluation of emergency drills, further improved the emergency management system, trained our emergency team, and enhanced the ability to handle sudden emergency.
5. Environmental self-monitoring plans
 Applicable Not applicable
The Company prepared the environment monitoring program on its own according to the monitoring requirements of pollutant discharging units. Monitoring data showed that all pollutants had reached the discharge standard.
6. Other information about environmental protection should be made public
 Applicable Not applicable

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

Applicable Not applicable

(III) Reasons for undisclosed information on environmental protection of companies not categorized as major sewage discharge enterprises

Applicable Not applicable

(IV) Disclosed information on subsequent progress or changes of environmental protection in the Reporting Period

Applicable Not applicable

SECTION V SIGNIFICANT EVENTS

XV. 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.

XVI. 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.

XVII. USE OF PROCEEDS

The H Shares of the QHD Port have been listed and traded on the 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 H share 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 H share 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 website of the Stock Exchange on 27 October 2017.

- (1) **As of 30 June 2020, HK\$3,797,107,800 of the proceeds from H shares have been used by the Company and HK\$61,491,000 of the proceeds from H shares remain unused, including the self-raised funds for the payment of the listing expenses of HK\$24,017,400 and the net interest income relating to the proceeds from H share offering of HK\$11,825,600. 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	Proceeds allocated as set out in the prospectus (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 (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	0
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	43,961.89	-	-6,360.63
	Total	382,275.58	379,710.78	5,554.62	-2,989.82

Notes:

- The “Amount of proceeds from fund raising” annotated as column (b) in the table (totaling HK\$3,797,107,800) 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\$55,546,200) represents the amount paid (for the contents disclosed in the section headed “Future Plans and Use of Proceeds” in the H share prospectus) 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 H share prospectus” annotated as column (d) in the table (totaling HK\$-29,898,200) 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 amount of proceeds from the Global Offering allocated to the intended purposes.

SECTION V SIGNIFICANT EVENTS

(2) As of 30 June 2020, the balance of proceeds from the H shares of HK\$61,491,000 included the followings:

The difference between the actual amount of proceeds used and the amount of proceeds allocated as set out in the H share prospectus in the amount of HK\$-29,898,200;

Amount of proceeds not from fund raising for the payment of the equipment in the investment projects in the amount of HK\$55,546,200;

Self-raised funds for the payment of the listing expenses of HK\$24,017,400 and the net interest income relating to the proceeds in the amount of HK\$11,825,600. The “self-raised funds for the payment of the listing expenses of HK\$24,017,400” 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\$11,825,600” 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\$61,491,000 are expected to be used for the working capital and general corporate purposes of the Company in the next four 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\$-29,898,200 with the amount of HK\$61,491,000 (being the balance kept in the Designated Account): The amount of HK\$55,546,200 and the amount of HK\$24,017,400 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\$11,825,600 arising from the proceeds from H shares, all such items and the amount of HK\$-29,898,200 had been aggregated to arrive at the amount of HK\$61,491,000, being the balance kept in the Designated Account.

The shares of QHD Port have been listed and traded on the SSE on 16 August 2017. For the Use of Proceeds of A Shares of the Company in the first half of 2020, please refer to the special item on the storage and actual use of raised funds in the first half of 2020 disclosed on the website of the SSE on 29 August 2020.

XVIII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(I) Explanation, reasons and impacts of the changes in accounting policy, accounting estimation and auditing method when compared with the previous accounting period

Applicable Not applicable

(II) Explanation, correction amounts, reasons and impacts of retroactive restatement made for the corrections to the substantial accounting errors during the Reporting Period

Applicable Not applicable

(III) Others

Applicable Not applicable

SECTION VI CHANGES IN ORDINARY 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)

79,899

SECTION VI CHANGES IN ORDINARY 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 Reporting Period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged or frozen		Nature of Shareholder
					Status of Shares	Amount	
Hebei Port Group Co., Ltd. (河北港口集團有限公司)		3,032,528,078	54.27	3,032,528,078	Nil		State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司)	-274,050	827,520,382	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責任公司)		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
Shougang Group Co., Ltd. (首鋼集團有限公司)		41,437,588	0.74		Nil		State-owned legal person
China Life Investment Holdings Company Limited (國壽投資控股有限公司)		41,437,588	0.74		Nil		State-owned legal person
Datong Coal Mine Group Co., Ltd. (大同煤礦集團有限公司)		41,437,588	0.74		Nil		State-owned legal person
National Council for Social Security Fund (Transfer Account No.1) (全國社會保障基金理事會轉持一戶)		41,247,362	0.74	41,247,362	Nil		Others

SECTION VI CHANGES IN ORDINARY 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
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Note}	827,520,382	Overseas-listed foreign shares	827,520,382
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
Shougang Group Co., Ltd. (首鋼集團有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
China Life Investment Holdings Company Limited (國壽投資控股有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Datong Coal Mine Group Co., Ltd. (大同煤礦集團有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
HKSCC Limited (香港中央結算有限公司)	14,385,981	RMB-denominated ordinary shares	14,385,981
LU Huazhi	6,637,602	RMB-denominated ordinary shares	6,637,602
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders falling 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		

Notes: 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 share capital of QHD Port. Those shares are included in total shares held by HKSCC Nominees Limited.

SECTION VI CHANGES IN ORDINARY 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

Unit: share

No.	Name of shareholders subject to selling restrictions	The number of shares subject to selling restrictions held	Shares subject to trading moratorium available for listing and trading		Trading moratorium
			Time available for listing and trading	Number of additional shares available for listing and trading	
1	HPG (河北港口集團有限公司)	3,032,528,078	16 August 2020		36 months from the date of QHD Port's listing
2	National Council for Social Security Fund (Transfer Account No.1) (全國社會保障基金理事會轉持一戶)	41,247,362	16 August 2020		36 months from the date of QHD Port's listing
3	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	16 August 2020		36 months from the date of QHD Port's listing
Explanations on the connections or parties acting in concert among the aforesaid Shareholders		The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders falling within the requirements of the Administrative Measures on Takeover of Listed Companies			

(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. CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

Applicable Not applicable

SECTION VI CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

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

As at 30 June 2020, 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
Fosun International Holdings Ltd.	49,714,000 (Note 3)	Interest of controlled corporation	H Share	5.99%	0.89%	Long position
Fosun Holdings Limited	49,714,000 (Note 3)	Interest of controlled corporation	H Share	5.99%	0.89%	Long position
Fosun International Limited	49,714,000 (Note 5)	Interest of controlled corporation	H Share	5.99%	0.89%	Long position
Guo Guangchang	49,714,000 (Note 3)	Interest of controlled corporation	H Share	5.99%	0.89%	Long position
China Shipping (Group) Company	44,296,500 (Note 4)	Interest of controlled corporation	H Share	5.34%	0.79%	Long position
China Shipping (Hong Kong) Holdings Co., Limited	44,296,500 (Note 4)	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
Fosun Financial Holdings Limited	41,481,500 (Note 5)	Interest of controlled corporation	H Share	4.99%	0.74%	Long position
Spinel Investment Limited	41,481,500 (Note 5)	Interest of controlled corporation	H Share	4.99%	0.74%	Long position
Peak Reinsurance Holdings Limited	41,481,500 (Note 5)	Interest of controlled corporation	H Share	4.99%	0.74%	Long position
Peak Reinsurance Company Limited	41,481,500	Beneficial owner	H Share	4.99%	0.74%	Long position

SECTION VI CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

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. In accordance with the Disclosure of Interests Online System of the Stock Exchange, Guo Guangchang (the direct controlling shareholder of Fosun International Holdings Ltd.), Fosun International Holdings Ltd. (the direct controlling shareholder of Fosun Holdings Limited), Fosun Holdings Limited (the direct controlling shareholder of Fosun International Limited) were deemed to be interested in 49,714,000 Shares of QHD Port respectively under the SFO;
4. China Shipping (Group) Company (direct controlling shareholder of China Shipping (Hong Kong) Holdings Co., Limited) and China Shipping (Hong Kong) Holdings Co., Limited (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; and
5. In accordance with the Disclosure of Interests Online System of the Stock Exchange, Fosun International Limited (the direct controlling shareholder of Fosun Financial Holdings Limited), Fosun Financial Holdings Limited (the direct controlling shareholder of Spinel Investment Limited), Spinel Investment Limited (the direct controlling shareholder of Peak Reinsurance Holdings Limited) and Peak Reinsurance Holdings Limited (the direct controlling shareholder of Peak Reinsurance Company Limited) were deemed to be interested in 41,418,500 Shares of QHD Port respectively under the SFO;

Save as disclosed above, as at 30 June 2020, 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.

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

Neither QHD Port nor its subsidiaries purchased, sold or redeemed any of the listed securities of QHD Port during the Reporting Period.

SECTION VII INFORMATION OF PREFERENCE SHARES

Applicable Not applicable

SECTION VIII DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. PARTICULARS OF CHANGES IN SHAREHOLDING

(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

As at 30 June 2020, 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.

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

Description of changes of Directors, Supervisors and senior management of the Company

Applicable Not applicable

III. INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

On 30 June 2020, there are four independent non-executive Directors in QHD Port, 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 2020.

IV. OTHER EXPLANATIONS

Applicable Not applicable

SECTION IX CORPORATE BONDS

Applicable Not applicable

SECTION X REVIEW REPORT

Ernst & Young Hua Ming (2020) Zhuan Zi No. 61063699_E05

Qinhuangdao Port Co., Ltd.

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

We have reviewed the accompanying financial statements of Qinhuangdao Port Co., Ltd. (the “Company”) and its subsidiaries, which comprised the consolidated and Company’s balance sheets as at 30 June 2020, 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 is the responsibility of the Company’s management. 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 entity’s personnel 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 No. 32 – Interim Financial Reporting, 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
(Project Partner)

Chinese Certified Public Accountant: Zhou Lan

Beijing, PRC

28 August 2020

CONSOLIDATED BALANCE SHEET

30 June 2020

RMB

Assets	Note V	30 June 2020 (Unaudited)	31 December 2019
Current assets			
Cash and bank balances	1	3,077,521,029.15	2,805,072,385.39
Financial assets held for trading	2	170,000,000.00	–
Bills receivable	3	194,097,706.00	172,344,886.06
Accounts receivable	4	92,362,178.38	81,480,463.58
Prepayments		13,562,578.41	10,763,773.91
Other receivables	5	154,734,310.25	47,843,613.54
Inventories	6	199,504,371.88	186,149,733.94
Other current assets	7	91,463,591.39	108,861,397.06
Total current assets		3,993,245,765.46	3,412,516,253.48
Non-current assets			
Long-term equity investments	8	2,941,119,723.03	2,933,977,826.03
Other equity investments	9	817,446,118.17	792,793,162.66
Fixed assets	10	13,864,957,576.55	14,386,455,466.64
Construction in progress	11	844,131,138.54	818,663,594.98
Right-of-use assets	12	130,017,661.39	136,087,991.44
Intangible assets	13	2,406,602,150.64	2,442,851,949.55
Long-term prepaid expenses		75,767,646.93	67,553,845.97
Deferred tax assets	14	367,099,832.83	410,276,375.66
Other non-current assets	15	35,455,731.63	78,678,974.13
Total non-current assets		21,482,597,579.71	22,067,339,187.06
Total assets		25,475,843,345.17	25,479,855,440.54

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

30 June 2020

RMB

Liabilities and shareholders' equity	Note V	30 June 2020 (Unaudited)	31 December 2019
Current liabilities			
Short-term borrowings	17	194,294,833.98	151,811,497.31
Accounts payable	18	316,070,261.78	164,642,529.63
Contract liabilities	19	494,366,165.84	526,176,060.80
Employee benefits payable	20	644,651,418.47	641,772,243.05
Taxes payable	21	171,475,269.71	136,546,991.12
Other payables	22	548,250,264.46	618,070,938.59
Non-current liabilities due within one year	23	824,951,163.06	698,268,300.47
Total current liabilities		3,194,059,377.30	2,937,288,560.97
Non-current liabilities			
Long-term borrowings	24	5,669,237,997.98	5,883,682,492.98
Lease liabilities	25	3,685,042.35	7,521,511.19
Long-term payable	26	238,400,000.00	238,400,000.00
Long-term employee benefits payable	27	432,047,411.64	532,928,001.35
Provisions	28	28,356,993.00	33,860,000.00
Deferred income	29	225,443,509.36	243,113,352.90
Deferred tax liabilities	14	20,942,962.56	14,779,723.68
Total non-current liabilities		6,618,113,916.89	6,954,285,082.10
Total liabilities		9,812,173,294.19	9,891,573,643.07
Shareholders' equity			
Share capital	30	5,587,412,000.00	5,587,412,000.00
Capital reserve	31	5,207,544,792.61	5,207,544,792.61
Other comprehensive income	32	218,792,375.79	181,333,327.86
Special reserve	33	131,387,984.82	108,030,468.84
Surplus reserve	34	1,334,346,000.28	1,334,346,000.28
Retained profit	35	2,264,651,038.08	2,191,776,305.79
Total equity attributable to shareholders of the parent		14,744,134,191.58	14,610,442,895.38
Minority interests		919,535,859.40	977,838,902.09
Total shareholders' equity		15,663,670,050.98	15,588,281,797.47
Total liabilities and shareholders' equity		25,475,843,345.17	25,479,855,440.54

The financial statements have been signed by:

Legal representative:
Cao Ziyu

Person in charge of
Business operation:
Yang Wensheng

Chief financial officer:
Guo Xikun

Head of accounting department:
Xie Hui

The accompanying notes form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

RMB

	Note V	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue	36	2,995,402,079.12	3,390,705,885.07
Less: Operating costs	36	1,782,650,850.89	1,891,445,242.95
Tax and surcharges	37	172,526,083.16	186,562,331.58
Sales costs		–	61,464.53
Administrative expenses	38	305,437,657.13	614,301,550.89
Research and development costs	39	3,076,399.45	3,871,210.49
Financial costs	40	138,894,242.03	155,620,529.30
Including: Interest costs		157,048,041.65	172,667,504.47
Interest income		17,454,727.14	17,074,459.78
Add: Other income	41	29,572,679.41	21,421,796.40
Investment income	42	95,061,438.50	136,914,025.04
Including: Investment income from associates and joint ventures		88,664,876.08	113,679,555.02
Credit impairment loss	43	(3,420,348.14)	2,744,275.23
Gain in disposal of assets	44	482,413.23	1,600,453.26
Operating profit		714,513,029.46	701,524,105.26
Add: Non-operating income	45	618,888.00	4,026,517.43
Less: Non-operating expenses	46	3,886,701.12	453,580.38
Total profit		711,245,216.34	705,097,042.31
Less: Income tax expenses	48	198,029,587.94	186,888,367.23
Net profit		513,215,628.40	518,208,675.08
Classified by business continuity			
Net profit from continuing operations		513,215,628.40	518,208,675.08
Classified by ownership			
Net profit attributable to shareholders of the parent		575,741,812.29	549,099,796.92
Minority interests		(62,526,183.89)	(30,891,121.84)

The accompanying notes form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

RMB

	Note V	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Other comprehensive income, net of tax		40,268,345.10	6,650,436.88
Other comprehensive income attributable to shareholders of the parent, net of tax	32	37,459,047.93	11,332,641.66
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		21,329,842.60	-
Changes in fair value of Investments in other equity instruments		15,680,419.46	10,555,752.37
Those other comprehensive income to be reclassified to profit or loss			
Other comprehensive income to be taken to profit or loss using the equity method		(444,541.53)	592,349.45
Exchange differences on foreign currency translation		893,327.40	184,539.84
Other comprehensive income attributable to minority shareholders, net of tax	32	2,809,297.17	(4,682,204.78)
Total comprehensive income		553,483,973.50	524,859,111.96
Including:			
Total comprehensive income attributable to shareholders of the parent		613,200,860.22	560,432,438.58
Total comprehensive income attributable to minority shareholders		(59,716,886.72)	(35,573,326.62)
Earnings per share	49		
Basic and diluted earnings per share		0.10	0.10

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

RMB

	For the six months ended 30 June 2020 (Unaudited)									
	Equity attributable to shareholders of the parent									
	Note V	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
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	35	-	-	-	-	-	(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 CHANGES IN EQUITY

For the six months ended 30 June 2020

RMB

	For the six months ended 30 June 2019 (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 profits	Sub-total	Minority interests	
I. Current period's opening balance		5,587,412,000.00	5,202,818,808.47	(1,091,254.83)	80,726,967.97	1,235,538,930.68	1,789,566,768.00	13,894,972,220.29	1,093,485,641.26	14,988,457,861.55
II. Changes during the period										
(I) Total comprehensive income										
1. Net profit		-	-	-	-	-	549,099,796.92	549,099,796.92	(30,891,121.84)	518,208,675.08
2. Other comprehensive income		-	-	11,332,641.66	-	-	-	11,332,641.66	(4,682,204.78)	6,650,436.88
(II) Profit distribution										
1. Distribution to Shareholders	35	-	-	-	-	-	(430,230,724.00)	(430,230,724.00)	-	(430,230,724.00)
(III) Special reserve										
1. Accrual		-	-	-	34,860,561.19	-	-	34,860,561.19	1,509,741.80	36,370,302.99
2. Usage		-	-	-	(13,160,232.76)	-	-	(13,160,232.76)	(384,380.08)	(13,544,612.84)
(IV) Others		-	4,725,984.14	-	-	-	-	4,725,984.14	(4,725,984.14)	-
III. Current period's closing balance		5,587,412,000.00	5,207,544,792.61	10,241,386.83	102,427,296.40	1,235,538,930.68	1,908,435,840.92	14,051,600,247.44	1,054,311,692.22	15,105,911,939.66

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

RMB

	Note V	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		3,094,176,943.23	3,604,948,187.50
Refund of taxes and levies		–	18,768,652.40
Cash received relating to other operating activities	50	23,550,181.47	34,973,653.18
Sub-total of cash inflows		3,117,727,124.70	3,658,690,493.08
Cash paid for goods and services		511,324,399.09	638,474,853.44
Cash paid to and on behalf of employees		820,670,776.65	878,067,406.30
Cash paid for all taxes		375,486,422.35	536,824,133.40
Cash paid relating to other operating activities	50	138,524,659.25	78,439,776.40
Sub-total of cash outflows		1,846,006,257.34	2,131,806,169.54
Net cash flows from operating activities	50	1,271,720,867.36	1,526,884,323.54
II. Cash flows from investing activities			
Cash received from return of investment		544,868,314.16	565,376,008.74
Cash received from investment income		16,396,562.42	57,685,342.91
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,913,562.86	190,910,153.73
Cash received relating to other investing activities	50	15,523,116.22	14,075,064.86
Sub-total of cash inflows		578,701,555.66	828,046,570.24
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		215,352,999.58	413,707,642.88
Cash paid for investments		958,068,314.16	577,876,008.74
Cash paid relating to other investing activities	50	–	6,000,000.00
Sub-total of cash outflows		1,173,421,313.74	997,583,651.62
Net cash flows from investing activities		(594,719,758.08)	(169,537,081.38)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

RMB

	Note V	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		213,014,322.00	411,200,000.00
Sub-total of cash inflows		213,014,322.00	411,200,000.00
Cash paid for repayments of borrowings		257,942,000.00	699,662,000.00
Cash paid for distribution of dividends or profits and for interest expenses		585,180,653.08	173,188,081.30
Cash paid relating to other financing activities	50	3,915,353.36	2,095,779.61
Sub-total of cash outflow		847,038,006.44	874,945,860.91
Net cash flows from financing activities		(634,023,684.44)	(463,745,860.91)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,793,835.14	401,210.85
V. Net increase in cash and cash equivalents		44,771,259.98	894,002,592.10
Add: Balance of cash and cash equivalents at the beginning of the period		2,115,226,869.17	1,984,473,726.56
VI. Balance of cash and cash equivalents at the end of the period	51	2,159,998,129.15	2,878,476,318.66

The accompanying notes form part of these financial statements.

BALANCE SHEET

30 June 2020

RMB

Assets	Note XIII	30 June 2020 (Unaudited)	31 December 2019
Current assets			
Cash and bank balances		2,173,815,128.03	1,939,401,202.52
Bills receivable		91,200,000.00	98,732,091.00
Accounts receivable	1	52,099,714.74	40,947,899.72
Prepayments		4,271,764.88	1,697,546.98
Other receivables		95,672,573.40	607,924.51
Inventories		130,823,253.79	125,905,679.48
Other current assets		–	38,411.46
Total current assets		2,547,882,434.84	2,207,330,755.67
Non-current assets			
Long-term equity investments	2	9,438,307,734.76	9,430,895,512.09
Investments in other equity instruments	3	634,095,207.47	617,086,598.02
Fixed assets			
Construction in progress		31,985,491.59	24,481,805.29
Right-of-use assets		11,655,550.59	15,540,733.92
Intangible assets		389,257,394.79	390,737,372.27
Deferred tax assets		323,009,306.68	347,613,518.50
Other non-current assets		19,068,464.07	26,591,859.93
Total non-current assets		14,718,559,532.54	14,883,505,473.59
Total assets		17,266,441,967.38	17,090,836,229.26

The accompanying notes form part of these financial statements.

BALANCE SHEET

30 June 2020

RMB

Liabilities and shareholders' equity	30 June 2020 (Unaudited)	31 December 2019
Current liabilities		
Short-term borrowings	70,069,736.11	80,163,252.78
Accounts payable	145,379,734.94	69,608,872.13
Contract liabilities	375,599,953.33	404,641,998.27
Employee benefits payable	610,130,118.29	611,203,208.77
Taxes payable	139,545,647.89	101,279,397.97
Other payables	134,500,032.30	65,378,838.95
Non-current liabilities due within one year	8,895,472.54	8,619,266.69
Total current liabilities	1,484,120,695.40	1,340,894,835.56
Non-current liabilities		
Lease liabilities	3,685,042.35	7,521,511.19
Long-term payable	238,400,000.00	238,400,000.00
Long-term employee benefits payable	399,575,174.92	494,454,519.70
Deferred income	224,749,183.51	242,419,027.05
Deferred tax liabilities	11,835,712.38	7,583,560.02
Total non-current liabilities	878,245,113.16	990,378,617.96
Total liabilities	2,362,365,808.56	2,331,273,453.52
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	199,252,644.00	165,610,885.84
Special reserve	101,208,301.66	82,639,037.09
Surplus reserve	1,334,207,655.51	1,334,207,655.51
Retained profit	2,484,659,088.98	2,392,356,728.63
Total shareholders' equity	14,904,076,158.82	14,759,562,775.74
Total liabilities and shareholders' equity	17,266,441,967.38	17,090,836,229.26

The accompanying notes form part of these financial statements.

INCOME STATEMENT

For the six months ended 30 June 2020

RMB

	Note XIII	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue	4	2,010,896,286.99	2,441,643,158.80
Less: Operating costs	4	1,009,506,924.01	1,129,987,099.22
Business tax and surcharges		102,176,996.58	122,145,342.29
Administrative expenses		250,871,677.05	553,229,918.28
Research and development cost		3,076,399.45	3,871,210.49
Financial costs		(12,540,275.45)	3,565,404.42
Including: Interest expense		1,856,127.86	15,967,892.70
Interest income		13,452,482.80	12,295,489.83
Add: Other income		28,420,558.72	20,525,874.72
Investment income	5	88,938,573.16	116,864,841.55
Including: Investment income from associates and joint ventures		88,938,573.16	116,864,841.55
Credit impairment loss		1,351,249.26	7,122,224.09
Operating profits		776,514,946.49	773,357,124.46
Add: Non-operating income		424,697.40	3,926,635.31
Less: Non-operating expenses		3,153,181.51	360,948.53
Total profit		773,786,462.38	776,922,811.24
Less: Income tax expenses		178,617,022.03	177,133,446.99
Net profit		595,169,440.35	599,789,364.25
Including: Net profit from continuing operations		595,169,440.35	599,789,364.25
Other comprehensive income, net of tax		33,641,758.16	16,021,417.00
Other comprehensive income not to be reclassified to profit or loss			
Changes in fair value of investments in other equity instruments		12,756,457.09	15,429,067.55
Other comprehensive income not to be taken to profit or loss using the equity method		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)	592,349.45
Total comprehensive income		628,811,198.51	615,810,781.25

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

RMB

	For the six months ended 30 June 2020 (Unaudited)						
	Share capital	Capital reserve	Other Comprehensive income	Special reserve	Surplus reserve	Retained profits	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

	For the six months ended 30 June 2019 (Unaudited)						
	Share capital	Capital reserve	Other Comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current period's opening balance	5,587,412,000.00	5,197,336,468.67	(26,185,253.11)	63,494,074.77	1,235,400,585.91	1,933,323,826.24	13,990,781,702.48
II. Changes during the period							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	599,789,364.25	599,789,364.25
2. Other comprehensive income	-	-	16,021,417.00	-	-	-	16,021,417.00
(II) Profit distribution							
1. Distribution to shareholders	-	-	-	-	-	(430,230,724.00)	(430,230,724.00)
(III) Special reserve							
1. Accrual	-	-	-	26,888,656.83	-	-	26,888,656.83
2. Usage	-	-	-	(9,981,403.49)	-	-	(9,981,403.49)
III. Current period's closing balance	5,587,412,000.00	5,197,336,468.67	(10,163,836.11)	80,401,328.11	1,235,400,585.91	2,102,882,466.49	14,193,269,013.07

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,082,388,082.75	2,632,108,413.07
Refund of taxes and levies	–	18,768,652.40
Cash received relating to other operating activities	18,305,438.55	17,945,081.81
Sub-total of cash inflows	2,100,693,521.30	2,668,822,147.28
Cash paid for goods and services	287,988,065.71	360,331,142.50
Cash paid to and on behalf of employees	704,050,600.40	755,404,329.31
Cash paid for all taxes	288,761,765.94	410,655,700.26
Cash paid relating to other operating activities	96,457,925.77	62,206,594.38
Sub-total of cash outflows	1,377,258,357.82	1,588,597,766.45
Net cash flows from operating activities	723,435,163.48	1,080,224,380.83
II. Cash flows from investing activities		
Cash received from return of investment	489,568,314.16	200,000,000.00
Cash received from investment income	10,000,000.00	51,337,662.89
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	713,956.03	3,177,339.02
Sub-total of cash inflows	500,282,270.19	254,515,001.91
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	57,136,422.51	44,211,540.45
Cash paid for investments	739,568,314.16	118,000,000.00
Cash paid relating to other investing activities	–	6,000,000.00
Sub-total of cash outflows	796,704,736.67	168,211,540.45
Net cash flows from investing activities	(296,422,466.48)	86,303,461.46
III. Cash flows from financing activities		
Cash received from borrowings	–	150,000,000.00
Sub-total of cash inflows	–	150,000,000.00
Cash paid for repayments of borrowings	10,000,000.00	550,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	429,774,950.28	16,088,523.34
Cash paid relating to other financing activities	3,915,353.36	2,095,779.61
Sub-total of cash outflow	443,690,303.64	568,184,302.95
Net cash flows from financing activities	(443,690,303.64)	(418,184,302.95)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	1,091,532.15	309,497.31
V. Net (decrease)/increase in cash and cash equivalents	(15,586,074.49)	748,653,036.65
Add: Balance of cash and cash equivalents at the beginning of the period	1,433,401,202.52	1,251,209,101.92
VI. Balance of cash and cash equivalents at the end of the period	1,417,815,128.03	1,999,862,138.57

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 28 August 2020.

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with “Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting” issued by the Ministry of Finance. The accounting policies adopted in these interim financial statements are consistent with the accounting policies adopted when the Group prepared the financial statements for the year ended 2019. These interim financial statements should be read in conjunction with financial statements of the Group for the year ended 2019.

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

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

RMB

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, accounting method for inventories, provision for fixed assets depreciation, intangible assets amortization, long-term equity investment impairment provisions 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 2020 and their financial performance and cash flows for the six months ended 30 June 2020.

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 2020

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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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 2020 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.

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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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 2020

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 2020
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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 2020

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 2020

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 2020

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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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term Equity Investments (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020

RMB

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 2020

RMB

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 2020

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Long-term Prepaid Expenses

Long-term prepaid expenses are amortized on a straight-line basis over the beneficial period and the amortization period is as follow:

	Amortization Period
Afforestation costs	3 years
Dredging costs	3-5 years

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.

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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 2020

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. 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.

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 2020

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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 2020

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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.

Disaggregation of lease and non-lease components

The Group (when as the lessee and the lessor) shall split the lease component and non-lease components when the contract contains both of them.

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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

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.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee of an operating lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term and either included in the cost of the related asset or charged to profit or loss of the current period. Contingent rents are charged to profit or loss in the period in which they arise.

As lessor of an operating lease

Rental income under an operating lease is recognized by a lessor on a straight-line basis over the lease term, through profit or loss. Contingent rents are charged to profit or loss in the period in which they arise.

As the lessee of a finance lease

An asset held under a finance lease is recognized at the lower of its fair value as at the effective date of lease and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance cost, which is amortized using the effective interest rate method during each period over the lease term. Contingent rental payments are charged to profit or loss in the period in which they actually arise.

For fixed assets acquired under finance leases, the basis for provision of leased assets depreciation is the same as that of self-owned fixed assets. When it can be reasonably determined that the ownership of a leased asset will be transferred at the end of the lease term, it is depreciated over the period of expected use; otherwise, the lease asset is depreciated over the shorter period of the lease term and the period of expected use.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020

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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.

Lease term – lease contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease to use the leased assets, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, considering all relevant factors that create an economic incentive for it to exercise the renewal and include significant event or change in circumstances between the commencement date of the lease and exercise date of the renewal option. The Group believes that leased assets are significant to the operation of the Group and alternate assets are not easily accessible. The Group can reasonably determine that it will exercise renewal options, accordingly the lease term includes the period covered by renewal options.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 are 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 valuation 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

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IV. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax (“VAT”)	-	The Group is subject to VAT at tax rate of 13% on the taxable sales; the Group’s related port service revenues are taxable to output VAT at tax rate of 6%, and is levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	-	It is levied at 7% of VAT paid actually.
Enterprise income tax	-	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences. Income tax rate of overseas subsidiaries is 16.5%.
Property tax	-	Property tax on self-occupied properties of the Group is calculated at the applicable tax rate of 1.2% using the tax base of 70% of the initial cost of the properties; lease properties are taxable on the tax base of rental income at the applicable tax rate of 12%.
Land use tax	-	It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer.
Environmental protection tax	-	Pursuant to the “Environmental Protection Tax Law of the People’s Republic of China” issued by the Ministry of Ecology and Environment of the People’s Republic of China on 17 April 2017, from 1 January 2018 onwards, the taxable amount of the Group’s taxable pollutants shall be paid in accordance with the applicable taxable amount stipulated by the Environmental Protection Tax Law.

2. Tax Preferences

Enterprise income tax

According to the Implementation Rules of the PRC Enterprise Income Tax Law (Order No.512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment 《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》(Guo Shui Fa [2009] No.80), Tangshan Caofeidian Coal Port Co., Ltd. (“Caofeidian Coal”), a subsidiary of the Group, is eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by Caofeidian Coal from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for a tax exemption for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income. Caofeidian Coal first generated its operating income in 2015, and started to be entitled to the tax preferences of enterprise income tax. Its enterprise income tax for the period was levied with a 50% reduction.

Land use tax

Pursuant to the Provisional Regulations of the People’s Republic of China on Land Use Tax in respect of Urban and Town Land 《中華人民共和國城鎮土地使用稅暫行條例》 and 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 Caofeidian Coal, 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 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

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

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

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term time deposits vary from 3 months to 1 year depending on the cash requirements of the Group and earn interest at the respective deposit rates.

2. Financial Assets Held for Trading

	30 June 2020 (Unaudited)	31 December 2019
Financial assets at fair value through profit or loss Debt instrument investments (Note)	170,000,000.00	–

Note: Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司), a subsidiary of the Group, purchased two wealth management products from China Minsheng Banking Corp., Limited and Bank of Communications Co., Ltd. with the principal of RMB150,000,000 and RMB20,000,000, with the maturity date of 17 July 2020 and 7 August 2020, respectively. The profit margin is expected to be approximately 4.10% and 3.50% respectively.

3. Bills Receivable

	30 June 2020 (Unaudited)	31 December 2019
Commercial acceptance notes	52,000,000.00	–
Bank acceptance notes	142,097,706.00	172,344,886.06
	194,097,706.00	172,344,886.06
Less: Provision for bad debts	–	–
	194,097,706.00	172,344,886.06

As at 30 June 2020, no bills receivable of the Group was pledged or discounted (31 December 2019: nil).

As at 30 June 2020, the Group did not transfer the bills receivable to accounts receivable due to non-performance of drawers (31 December 2019: nil).

As at 30 June 2020, the Group did not have bills receivable which were endorsed but undue as at the balance sheet date (31 December 2019: RMB13,375,481.11).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. 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 2020 (Unaudited)	31 December 2019
Within 1 year	98,057,599.11	88,727,519.18
1 to 2 years	26,337.16	147,686.32
2 to 3 years	94,186.22	140,716.39
Over 3 years	3,876,077.43	3,896,601.43
	102,054,199.92	92,912,523.32
Less: Provision for bad debts	9,692,021.54	11,432,059.74
	92,362,178.38	81,480,463.58

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

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts Receivable (Continued)

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

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

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

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

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

As at 30 June 2020, the top five amounts of accounts receivable are as follows (unaudited):

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

5. Other Receivables

	30 June 2020 (Unaudited)	31 December 2019
Dividend receivable	94,500,000.00	–
Other receivables	60,234,310.25	47,843,613.54
	154,734,310.25	47,843,613.54

Dividend receivable

	30 June 2020 (Unaudited)	31 December 2019
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	94,500,000.00	–

Other receivables

	30 June 2020 (Unaudited)	31 December 2019
Assets transfer consideration	28,251,656.60	27,816,839.00
Equity transfer consideration receivable	21,425,195.83	21,425,195.83
Sea area use rights transfer consideration receivable	13,574,687.00	–
Utilities receivable	4,213,066.34	1,378,710.68
Deposits receivable	753,384.00	378,454.00
Other	1,087,896.37	755,603.58
	69,305,886.14	51,754,803.09
Less: Provision for bad debts	9,071,575.89	3,911,189.55
	60,234,310.25	47,843,613.54

An aged analysis of other receivables is as follows:

	30 June 2020 (Unaudited)	31 December 2019
Within 1 year	42,971,963.16	46,908,158.97
1 to 2 years	21,506,045.44	102,459.02
2 to 3 years	110,436.90	4,657,455.83
Over 3 years	4,717,440.64	86,729.27
	69,305,886.14	51,754,803.09
Less: Provision for bad debts	9,071,575.89	3,911,189.55
	60,234,310.25	47,843,613.54

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other Receivables (Continued)

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 2020 (unaudited)

	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
Current period's opening balance – Transfer to Stage 3	–	–	–	–
Provision for the period	5,197,986.30	–	–	5,197,986.30
Reversal during the period	(37,599.96)	–	–	(37,599.96)
Write-off during the period	–	–	–	–
Closing balance	9,071,575.89	–	–	9,071,575.89

2019

	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Credit-impaired financial assets (Lifetime ECL)	Total
Opening balance	1,989,110.91	–	–	1,989,110.91
Current year's opening balance – Transfer to Stage 3	(120,269.09)	–	120,269.09	–
Provision for the year	3,120,804.88	–	–	3,120,804.88
Reversal during the year	(1,078,457.15)	–	–	(1,078,457.15)
Write-off during the year	–	–	(120,269.09)	(120,269.09)
Closing balance	3,911,189.55	–	–	3,911,189.55

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 2020 (unaudited)	3,911,189.55	5,197,986.30	(37,599.96)	–	9,071,575.89
2019	1,989,110.91	3,120,804.88	(1,078,457.15)	(120,269.09)	3,911,189.55

For the six months ended 30 June 2020, the Group had no other receivable actually written off (2019: RMB120,269.09).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
RMB

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

5. Other Receivables (Continued)

Other receivables (Continued)

As at 30 June 2020, 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	33.51	Assets transfer consideration	Within 1 year	1,161,126.95
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	30.91	Equity transfer consideration	Within 3 years	6,227,084.83
Sea area use rights transfer consideration Cangzhou Port Group Co., Ltd. (滄州港務集團有限公司)	13,575,482.65	19.59	Refund and Utilities	Within 1 year	678,774.13
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,629,317.60	6.68	Assets transfer consideration	Within 2 years	461,180.88
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	3,684,378.71	5.32	Utilities	Within 1 year	184,218.94
	66,536,913.79	96.01			8,712,385.73

As at 31 December 2019, 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	44.87	Assets transfer consideration	Within 1 year	1,161,126.95
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	41.40	Equity transfer consideration	Within 3 years	2,205,861.25
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	8.88	Assets transfer consideration	Within 1 year	229,715.00
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	1,365,296.70	2.64	Utilities	Within 1 year	68,264.84
CCCC First Harbour Consultants Co., Ltd. (中交第一航務工程勘察設計院有限公司)	282,792.46	0.55	Advances	Within 1 year	14,139.62
	50,890,123.99	98.34			3,679,107.66

As at 30 June 2020, the Group had no government grants receivable (31 December 2019: nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
RMB

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

6. Inventories

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

Change in allowance for inventories is as follows:

For the six months ended 30 June 2020 (unaudited)

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

2019

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

7. Other current assets

	30 June 2020 (Unaudited)	31 December 2019
Deductible input VAT	90,895,018.39	106,632,857.34
Prepaid enterprise income tax	-	1,097,865.47
Other	568,573.00	1,130,674.25
	91,463,591.39	108,861,397.06

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

RMB

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

8. Long-term Equity Investments

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Change within the period					Closing carrying amount	Closing provision for impairment
		Increase in investment	Decrease in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity 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	-	-	(28,841,516.28)	-	115,409.83	192,297,319.03	(33,102,233.95)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	28,657,403.52	-	-	(6,217,113.30)	-	25,646.63	22,465,936.85	(7,286,029.31)
Sub-total	249,680,829.00	-	-	(35,058,629.58)	-	141,056.46	214,763,255.88	(40,388,263.26)
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	-	-	19,798,124.52	(444,541.53)	-	680,157,089.04	-
Tangshan Caofeidian Shiyue Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,442,623,220.84	-	-	103,894,533.54	21,329,842.60	1,947,291.98	1,475,294,888.96	-
Qinhuangdao Xing'ao Qin gang Energy Storage & Transportation Co., Ltd. (秦皇島興業港務儲運有限公司)	-	-	-	-	-	-	-	(20,800,000.00)
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	143,422,694.18	-	-	(2,052,148.83)	-	3,371.41	141,373,916.76	-
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	271,386,547.27	-	-	(628,934.07)	-	-	270,757,613.20	-
Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	143,603,729.81	-	-	2,651,111.16	-	-	146,254,840.97	-
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保税區鑫理棧管理責任有限公司)	247,049.65	-	-	(38,725.06)	-	-	208,324.59	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,169,935.21	-	-	139,856.42	-	-	12,309,793.63	-
Sub-total	2,684,296,997.03	-	-	123,723,505.66	20,885,301.07	1,950,663.39	2,726,356,467.15	(20,800,000.00)
Total	2,933,977,826.03	-	-	88,664,876.08	20,885,301.07	2,091,719.85	2,941,119,723.03	(61,188,263.26)

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

8. Long-term Equity Investments (Continued)

2019

Equity method:	Opening balance	Increase in investment	Investment gain or loss under the equity Method	Change within the year					Closing carrying amount	Closing provision for impairment	
				Other comprehensive income	Other equity movements	Other movements	Declaration of cash dividend	Provision for impairment			
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)	317,497,275.58	-	(63,613,339.95)	-	241,723.80	-	-	(33,102,233.95)	221,023,425.48	(63,102,233.95)	
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	48,982,030.36	-	(13,092,313.93)	-	53,716.40	-	-	(7,286,029.31)	28,657,403.52	(7,286,029.31)	
Sub-total	366,479,305.94	-	(76,705,653.88)	-	295,440.20	-	-	(40,388,263.26)	249,680,829.00	(40,388,263.26)	
Associates											
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) (Note)	-	-	(5,870,185.98)	-	5,910,500.00	-	-	-	40,314.02	-	
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	643,656,324.14	-	31,282,601.77	1,702,243.03	-	-	(5,837,682.89)	-	670,803,506.05	-	
Tangshan CaoFeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,127,953,901.45	-	216,590,491.90	141,157,662.38	2,421,165.11	-	(45,500,000.00)	-	1,442,623,220.84	-	
Qinhuangdao Xing'ao Qingeng Energy Storage & Transportation Co., Ltd. (秦皇島興業能源儲運有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)	
Handan International Land Port Co., Ltd. (邯鄲國際港務有限公司)	151,880,703.76	-	(8,458,009.58)	-	-	-	-	-	143,422,694.18	-	
Tangshan Jingfang Railway Co., Ltd. (唐山京唐鐵路有限公司)	272,444,632.08	-	(1,058,084.81)	-	-	-	-	-	271,386,547.27	-	
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區興港拖輪有限公司)	141,054,154.70	-	2,549,575.11	-	-	-	-	-	143,603,729.81	-	
Xin Licheng Tally Co., Ltd. of Tangshan CaoFeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理棧有限公司)	364,455.17	-	(117,405.52)	-	-	-	-	-	247,049.65	-	
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	11,457,900.00	-	712,035.21	-	-	-	-	-	12,169,935.21	-	
Sub-total	2,346,612,071.30	-	235,631,018.10	142,859,905.41	2,421,165.11	5,910,500.00	(51,337,682.89)	-	2,684,296,997.03	(20,800,000.00)	
Total	2,715,291,377.24	-	158,925,364.22	142,859,905.41	2,716,605.31	5,910,500.00	(51,337,682.89)	(40,388,263.26)	2,833,977,826.03	(61,188,263.26)	

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 board of directors of the Company. Qinhuangdao Fengyuan Metal Installation Engineering Co., Ltd. (秦皇島市遠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 the date of approval of these financial statements, the equity transfer has not been completed.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

8. Long-term Equity Investments (Continued)

Provision for impairment of the long-term equity investments:

For the six months ended 30 June 2020 (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 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	-	-	33,102,233.95
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	7,286,029.31	-	-	7,286,029.31
Total	61,188,263.26	-	-	61,188,263.26

2019

	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	-	33,102,233.95
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	-	7,286,029.31	-	7,286,029.31
Total	20,800,000.00	40,388,263.26	-	61,188,263.26

9. Other equity instruments investments

For the six months ended 30 June 2020 (unaudited)

	Cost	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)	498,000,000.00	60,032,624.20	558,032,624.20	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	34,000,000.00	(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)	30,752,357.95	5,119,849.18	35,872,207.13	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	24,000,000.00	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)	65,040,000.00	(8,123,166.66)	56,916,833.34	-	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	81,881,910.00	44,552,167.36	126,434,077.36	-	5,100,000.00
Total	733,674,267.95	83,771,850.22	817,446,118.17	-	5,100,000.00

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

9. Other equity instruments investments (Continued)

2019

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current 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)	498,000,000.00	43,558,933.73	541,558,933.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	34,000,000.00	(17,381,506.03)	16,618,493.97	-	-
Gangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驛港鋼鐵物流有限公司)	30,752,357.95	4,156,812.37	34,909,170.32	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	24,000,000.00	-	24,000,000.00	-	-
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	65,040,000.00	(8,123,166.66)	56,916,833.34	-	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	81,881,910.00	36,907,821.30	118,789,731.30	-	5,651,000.00
Total	733,674,267.95	59,118,894.71	792,793,162.66	-	5,651,000.00

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

10. Fixed Assets

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

For the six months ended 30 June 2020 (unaudited)

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Fixed Assets (Continued)

2019

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2019	6,233,885,580.83	8,742,793,323.01	10,202,939,825.44	515,145,410.06	258,613,705.19	25,953,377,844.53
Purchase	-	-	1,195,857.88	314,827.43	575,456.68	2,086,141.99
Transferred from construction in progress	3,187,971.28	465,506.53	43,101,660.15	2,319,139.09	13,097,446.70	62,171,723.75
Reclassification	(31,464,387.30)	4,460,304.34	28,535,853.21	-	(1,531,770.25)	-
Disposal for the year	(1,932,685.56)	-	(61,918,500.01)	(9,540,869.57)	(13,121,576.89)	(86,513,632.03)
Transfer to right-of-use assets for the year	(131,108,800.00)	-	-	-	-	(131,108,800.00)
31 December 2019	6,072,567,679.25	8,747,719,133.88	10,213,854,696.67	508,238,507.01	257,633,261.43	25,800,013,278.24
Accumulated depreciation						
1 January 2019	1,457,746,272.22	2,239,793,823.29	5,983,158,192.03	385,126,026.37	187,712,163.32	10,253,536,477.23
Provision for the year	259,884,026.95	337,800,020.44	535,868,904.22	27,587,488.57	16,557,186.57	1,177,697,626.75
Reclassification	(3,832,991.08)	565,236.23	3,944,018.83	-	(676,263.98)	-
Disposal for the year	(38,818.62)	-	(56,558,601.79)	(9,232,268.42)	(12,642,335.21)	(78,472,024.04)
Transfer to right-of-use assets for the year	(6,191,249.04)	-	-	-	-	(6,191,249.04)
31 December 2019	1,707,567,240.43	2,578,159,079.96	6,466,412,513.29	403,481,246.52	190,950,750.70	11,346,570,830.90
Provision for impairment						
1 January 2019	-	-	69,966,559.16	10,132.88	794,799.64	70,771,491.68
Reclassification	-	-	46,755.85	-	(46,755.85)	-
Write off for the year	-	-	(3,410,825.57)	-	(74,527.80)	(3,485,353.37)
31 December 2019	-	-	66,602,489.44	10,132.88	673,515.99	67,286,138.31
Carrying amounts of fixed assets						
31 December 2019	4,365,000,438.82	6,169,560,053.92	3,680,839,693.94	104,747,127.61	66,008,994.74	14,386,156,309.03
1 January 2019	4,776,139,308.61	6,502,999,499.72	4,149,815,074.25	130,009,250.81	70,106,742.23	15,629,069,875.62

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

10. Fixed Assets (Continued)

Fixed assets leased out under finance leases is as follows:

For the six months ended 30 June 2020 (unaudited)

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

2019

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2019	2,669,296.41	28,948,268.61	50,030,406.79	-	32,172.37	81,680,144.18
Transferred to fixed assets during the year	-	-	15,928,208.12	427,816.00	15,900.00	16,371,924.12
Transferred from fixed assets during the year	(62,645.04)	-	(23,376,488.59)	-	(32,172.37)	(23,471,306.00)
31 December 2019	2,606,651.37	28,948,268.61	42,582,126.32	427,816.00	15,900.00	74,580,762.30
Accumulated depreciation						
1 January 2019	539,546.14	7,450,085.84	12,323,249.15	-	14,419.50	20,327,300.63
Transferred to fixed assets during the year	-	-	9,831,825.63	414,981.52	8,996.40	10,255,803.55
Provision	214,926.89	1,437,175.58	3,202,402.92	-	2,784.60	4,857,289.99
Transferred from fixed assets during the year	(22,343.36)	-	(5,225,601.51)	-	(14,419.50)	(5,262,364.37)
31 December 2019	732,129.67	8,887,261.42	20,131,876.19	414,981.52	11,781.00	30,178,029.80
Carrying amounts						
31 December 2019	1,874,521.70	20,061,007.19	22,450,250.13	12,834.48	4,119.00	44,402,732.50
1 January 2019	2,129,750.27	21,498,182.77	37,707,157.64	-	17,752.87	61,352,843.55

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

11. Construction in Progress

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

11. Construction in Progress (Continued)

For the six months ended 30 June 2020 (unaudited)

	Budget	Opening balance	Increase in the period	Transferred from fixed assets or intangible assets during the period	Transferred to fixed assets and intangible assets during the period	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua	2,360,000,000.00	672,446,295.76	7,466,944.14	-	(5,870.00)	(2,236,030.02)	677,671,339.88	Loans and self-owned capital	29
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	20,258,154.40	11,702,111.18	-	(268,669.39)	-	31,691,596.19	Loans from financial institutes and self-owned capital	91
35-ton open-top container handling and environmental protection upgrading project	86,093,400.00	47,487,044.15	4,186,315.38	-	-	-	51,673,359.53	Self-owned capital	60
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	32,070,885.59	358,242.08	-	(127,110.00)	-	32,302,017.67	Self-owned capital	1
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	10,632,568.33	547,872.28	-	-	(656,193.87)	10,824,246.74	Self-owned capital	1
Others	2,772,127,167.97	60,185,113.00	72,562,975.52	-	(67,475,962.33)	(887,081.41)	64,385,044.78		
Total	30,761,821,759.87	843,080,061.23	96,824,460.58	-	(67,877,611.72)	(3,479,305.30)	868,547,604.79		
2019									
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua	3,050,861,400.00	670,779,861.54	2,785,307.49	-	(1,118,873.27)	-	672,446,295.76	Loans and self-owned capital	22
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	16,115,314.45	4,142,839.95	-	-	-	20,258,154.40	Loans from financial institutes and self-owned capital	91
35-ton open-top container handling and environmental protection upgrading project	86,093,400.00	-	47,487,044.15	-	-	-	47,487,044.15	Self-owned capital	55
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	24,843,918.62	7,226,966.97	-	-	-	32,070,885.59	Self-owned capital	1
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	-	10,632,568.33	-	-	-	10,632,568.33	Self-owned capital	1
Others	6,259,940,181.12	44,975,647.30	98,847,385.34	-	(83,113,269.04)	(524,650.60)	60,185,113.00		
Total	34,940,496,173.02	756,714,741.91	171,122,112.23	-	(84,232,142.31)	(524,650.60)	843,080,061.23		

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Construction in Progress (Continued)

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

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

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

12. Right-of-use Assets

For the six months ended 30 June 2020 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Total
Cost				
1 January 2020 and 30 June 2020	136,958,687.91	16,523,326.76	937,886.04	154,419,900.71
Accumulated depreciation				
1 January 2020	12,511,504.79	5,507,775.75	312,628.73	18,331,909.27
Provision for the period	3,160,128.10	2,753,887.70	156,314.25	6,070,330.05
30 June 2020	15,671,632.89	8,261,663.45	468,942.98	24,402,239.32
Carrying amounts				
30 June 2020	121,287,055.02	8,261,663.31	468,943.06	130,017,661.39
1 January 2020	124,447,183.12	11,015,551.01	625,257.31	136,087,991.44

2019

	Buildings	Terminal facilities	Machinery and equipment	Total
Cost				
1 January 2019 and 31 December 2019	136,958,687.91	16,523,326.76	937,886.04	154,419,900.71
Accumulated depreciation				
1 January 2019	6,191,249.04	–	–	6,191,249.04
Provision for the year	6,320,255.75	5,507,775.75	312,628.73	12,140,660.23
31 December 2019	12,511,504.79	5,507,775.75	312,628.73	18,331,909.27
Carrying amounts				
31 December 2019	124,447,183.12	11,015,551.01	625,257.31	136,087,991.44
1 January 2019 (Note)	130,767,438.87	16,523,326.76	937,886.04	148,228,651.67

Note: The Group has implemented the new lease standard since 1 January 2019. On the date of initial implementation, the Group recognized right-of-use assets according to the requirements of the new lease standard.

On 30 June 2020, the management of the Group was of the opinion that no provision for impairment of right-of-use assets was necessary.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

13. Intangible Assets

For the six months ended 30 June 2020 (unaudited)

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2020	2,562,936,692.39	149,761,107.53	66,742,407.41	2,779,440,207.33
Transferred from construction in progress	–	4,659,887.65	–	4,659,887.65
Other decrease	(8,589,700.00)	(1,654,254.75)	(578,218.29)	(10,822,173.04)
30 June 2020	2,554,346,992.39	152,766,740.43	66,164,189.12	2,773,277,921.94
Accumulated amortization				
1 January 2020	243,026,365.83	87,273,881.60	6,288,010.35	336,588,257.78
Provision for the period	27,026,625.84	4,556,816.80	736,543.92	32,319,986.56
Other decrease	–	(1,654,254.75)	(578,218.29)	(2,232,473.04)
30 June 2020	270,052,991.67	90,176,443.65	6,446,335.98	366,675,771.30
Carrying amounts				
30 June 2020	2,284,294,000.72	62,590,296.78	59,717,853.14	2,406,602,150.64
1 January 2020	2,319,910,326.56	62,487,225.93	60,454,397.06	2,442,851,949.55

2019

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2019	2,142,014,718.03	126,753,607.88	382,816,773.70	2,651,585,099.61
Purchase during the year	79,752,377.29	951,935.46	37,347,384.84	118,051,697.59
Transferred from construction in progress	4,854.37	22,055,564.19	–	22,060,418.56
Disposal during the year	(8,922,158.91)	–	(3,334,849.52)	(12,257,008.43)
Reclassification	350,086,901.61	–	(350,086,901.61)	–
31 December 2019	2,562,936,692.39	149,761,107.53	66,742,407.41	2,779,440,207.33
Accumulated amortization				
1 January 2019	160,196,287.46	80,424,869.57	35,255,578.59	275,876,735.62
Provision for the year (Note)	50,884,122.89	6,849,012.03	4,268,097.77	62,001,232.69
Disposal during the year	(933,749.70)	–	(355,960.83)	(1,289,710.53)
Reclassification	32,879,705.18	–	(32,879,705.18)	–
31 December 2019	243,026,365.83	87,273,881.60	6,288,010.35	336,588,257.78
Carrying amounts				
31 December 2019	2,319,910,326.56	62,487,225.93	60,454,397.06	2,442,851,949.55
1 January 2019	1,981,818,430.57	46,328,738.31	347,561,195.11	2,375,708,363.99

Note: For the six months ended 30 June 2020, amortization of RMB141,306.78 (2019: RMB293,251.18) provided for intangible assets directly related to the construction of construction in progress of the Group was capitalized in construction in progress.

As at 30 June 2020, the Group was in the process of applying for the land use right certificate of a reclaimed land with carrying amount of RMB823,532,073.76 (31 December 2019: RMB830,301,804.02). Management of the Company is of the opinion that there are neither legal nor other obstacles in getting the land use rights certificate once the register formalities are completed and the relevant charges are paid.

As at 30 June 2020, the Group has no intangible assets which were from internal research and development (31 December 2019: nil).

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

14. Deferred Tax Assets/Liabilities

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

	30 June 2020 (unaudited)		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government grants	224,749,181.64	56,187,295.41	242,419,025.40	60,604,756.35
Asset impairment provision	78,941,394.52	19,735,348.63	75,621,926.12	18,905,481.53
Employee bonus	298,400,000.00	74,600,000.00	298,400,000.00	74,600,000.00
Accrued early retirement schemes	746,328,382.64	186,582,095.66	829,872,866.92	207,468,216.73
Deductible losses	28,684,441.92	7,171,110.48	100,005,645.28	25,001,411.32
Difference between tax base and accounting base of fixed assets	91,295,930.60	22,823,982.65	94,786,038.92	23,696,509.73
Changes in fair value of investments in other equity instruments	26,048,296.26	6,512,074.06	25,504,672.72	6,376,168.18
	1,494,447,627.58	373,611,906.89	1,666,610,175.36	416,652,543.84

	30 June 2020 (unaudited)		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instruments investments	109,820,146.48	27,455,036.62	84,623,567.44	21,155,891.86

Deferred income tax assets and liabilities are offset as follows:

	30 June 2020 (unaudited)		31 December 2019	
	Eliminations	Remaining balance	Eliminations	Remaining balance
Deferred income tax assets	(6,512,074.06)	367,099,832.83	(6,376,168.18)	410,276,375.66
Deferred income tax liabilities	(6,512,074.06)	20,942,962.56	(6,376,168.18)	14,779,723.68

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

14. Deferred Tax Assets/Liabilities (Continued)

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

	30 June 2020 (Unaudited)	31 December 2019
Deductible temporary differences	112,938,402.16	112,945,381.94
Deductible losses	721,865,471.65	681,343,273.23
	834,803,873.81	794,288,655.17

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

	30 June 2020 (Unaudited)	31 December 2019
2020	39,028,116.32	39,216,529.88
2021	28,795,554.32	28,825,211.13
2022	83,430,883.86	83,448,925.70
2023	222,777,242.34	223,510,842.67
2024	207,259,186.21	306,341,763.85
2025	140,574,488.60	–
	721,865,471.65	681,343,273.23

15. Other Non-current Assets

	30 June 2020 (Unaudited)	31 December 2019
Prepayments for engineering equipment expenses	32,199,364.07	39,722,759.93
Prepaid enterprise income tax	–	20,289,110.89
Deductible input VAT	3,256,367.56	17,347,666.31
Payment of land transfer fund	–	1,319,437.00
	35,455,731.63	78,678,974.13

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Asset Impairment Provision

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Provision for the period	Decrease during the period		Closing balance
			Reversal	Write-off	
Provision for bad debts					
Including: Accounts receivable	11,432,059.74	221,819.09	(1,961,857.29)	-	9,692,021.54
Other receivables	3,911,189.55	5,197,986.30	(37,599.96)	-	9,071,575.89
Fixed assets impairment provision	67,286,138.31	-	-	-	67,286,138.31
Inventory impairment provision	7,598,246.43	-	-	(1,006,098.47)	6,592,147.96
Provision for impairment of long-term equity investments	61,188,263.26	-	-	-	61,188,263.26
Provision for impairment of construction in progress	24,416,466.25	-	-	-	24,416,466.25
	175,832,363.54	5,419,805.39	(1,999,457.25)	(1,006,098.47)	178,246,613.21

2019

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Provision for bad debts					
Including: Accounts receivable	12,664,738.99	2,822,231.20	(4,054,910.45)	-	11,432,059.74
Other receivables	1,989,110.91	3,120,804.88	(1,078,457.15)	(120,269.09)	3,911,189.55
Fixed assets impairment provision	70,771,491.68	-	-	(3,485,353.37)	67,286,138.31
Inventory impairment provision	7,767,259.87	-	-	(169,013.44)	7,598,246.43
Provision for impairment of long-term equity investments	20,800,000.00	40,388,263.26	-	-	61,188,263.26
Provision for impairment of construction in progress	-	24,416,466.25	-	-	24,416,466.25
	113,992,601.45	70,747,765.59	(5,133,367.60)	(3,774,635.90)	175,832,363.54

17. Short-term Borrowings

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Accounts Payable

	30 June 2020 (Unaudited)	31 December 2019
Accounts payables	316,070,261.78	164,642,529.63

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

An ageing analysis of accounts payable is as follows:

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

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

19. Contract Liabilities

For the six months ended 30 June 2020 (unaudited)

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

2019

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

20. Employee Benefits Payable

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	314,200,407.07	603,724,097.58	601,198,081.69	316,726,422.96
Post-employment benefits (defined contribution plans)	17,892,027.62	85,743,716.49	103,624,901.14	10,842.97
Early retirement schemes due within one year (Note V. 27)	309,679,808.36	139,028,559.09	120,794,214.91	327,914,152.54
	641,772,243.05	828,496,373.16	825,617,197.74	644,651,418.47

Short-term employee benefits are as follows:

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	298,400,000.00	465,949,642.94	465,314,002.94	299,035,640.00
Staff welfare	212,405.26	27,306,557.96	27,348,881.28	170,081.94
Social insurance	–	34,864,418.84	34,861,667.18	2,751.66
Including: Medical insurance	–	31,210,541.15	31,208,227.99	2,313.16
Work injury insurance	–	3,653,877.69	3,653,439.19	438.50
Housing funds	7,524,632.33	57,710,989.28	56,777,635.26	8,457,986.35
Union fund and employee education fund	8,063,369.48	11,052,083.27	11,828,838.82	7,286,613.93
Short-term paid leaves	–	4,208,320.83	4,208,320.83	–
Other short-term employee benefits	–	2,632,084.46	858,735.38	1,773,349.08
	314,200,407.07	603,724,097.58	601,198,081.69	316,726,422.96

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	47,305,543.25	47,300,866.01	4,677.24
Unemployment insurance	–	2,084,628.32	2,084,423.69	204.63
Enterprise annuity contribution (Note)	17,892,027.62	36,353,544.92	54,239,611.44	5,961.10
	17,892,027.62	85,743,716.49	103,624,901.14	10,842.97

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

20. Employee Benefits Payable (Continued)

2019

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	269,404,133.96	1,471,003,477.68	1,426,207,204.57	314,200,407.07
Post-employment benefits (defined contribution plans)	23,253,525.40	257,924,499.54	263,285,997.32	17,892,027.62
Early retirement schemes due within one year (Note V. 27)	160,390,405.93	371,121,418.57	221,832,016.14	309,679,808.36
	453,048,065.29	2,100,049,395.79	1,911,325,218.03	641,772,243.05

Short-term employee benefits are as follows:

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	253,010,000.00	1,088,726,251.99	1,043,336,251.99	298,400,000.00
Staff welfare	120,094.34	102,924,656.59	102,832,345.67	212,405.26
Social insurance	-	108,291,713.99	108,291,713.99	-
Including: Medical insurance	-	88,073,219.39	88,073,219.39	-
Work-related injury insurance	-	14,881,164.81	14,881,164.81	-
Maternity insurance	-	5,337,329.79	5,337,329.79	-
Housing funds	9,984,515.61	116,002,366.98	118,462,250.26	7,524,632.33
Union fund and employee education fund	6,289,524.01	32,168,787.47	30,394,942.00	8,063,369.48
Short-term paid leaves	-	18,543,724.13	18,543,724.13	-
Other short-term employee benefits	-	4,345,976.53	4,345,976.53	-
	269,404,133.96	1,471,003,477.68	1,426,207,204.57	314,200,407.07

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	-	177,388,947.18	177,388,947.18	-
Unemployment insurance	-	7,143,538.93	7,143,538.93	-
Enterprise annuity contribution (Note)	23,253,525.40	73,392,013.43	78,753,511.21	17,892,027.62
	23,253,525.40	257,924,499.54	263,285,997.32	17,892,027.62

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 2020

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

21. Taxes Payable

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

22. Other Payables

	30 June 2020 (Unaudited)	31 December 2019
Dividend payable	74,687,785.82	1,101.94
Other payables	473,562,478.64	618,069,836.65
	548,250,264.46	618,070,938.59
Other payables		
Engineering equipment expenses	422,128,835.09	544,631,855.64
Sewage charges of dust	18,002,926.68	18,002,926.68
Land premium	1,922,846.40	27,639,367.78
Others	31,507,870.47	27,795,686.55
	473,562,478.64	618,069,836.65

As at 30 June 2020, significant other payables aging more than 1 year are as follows (unaudited):

	Sums payable	Outstanding reason
Engineering equipment expenses payable	223,245,464.95	Not yet settled

As at 31 December 2019, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	329,742,132.49	Not yet settled

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

23. Non-current Liabilities Due Within One Year

	30 June 2020 (Unaudited)	31 December 2019
Long-term borrowings due within one year (Note V. 24)	807,786,495.00	680,284,000.00
Interest payable of long-term borrowings (Note V. 24)	8,269,195.52	9,365,033.78
Lease liabilities due within one year (Note V. 25)	8,495,472.54	8,219,266.69
Long-term payables due within one year (Note V. 26)	400,000.00	400,000.00
	824,951,163.06	698,268,300.47

24. Long-term Borrowings

	30 June 2020 (Unaudited)	31 December 2019
Unsecured borrowings	6,485,293,688.50	6,573,331,526.76
Less: Long-term borrowings due within one year	807,786,495.00	680,284,000.00
Interest payable of long-term borrowings	8,269,195.52	9,365,033.78
Non-current portion	5,669,237,997.98	5,883,682,492.98

As at 30 June 2020, the interest rate of the above unsecured borrowings ranged from 4.26% to 5.15% (31 December 2019: 4.26% to 5.15%) per annum.

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

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

25. Lease Liabilities

	30 June 2020 (Unaudited)	31 December 2019
Lease liabilities	12,180,514.89	15,740,777.88
Less: Lease liabilities due within one year	8,495,472.54	8,219,266.69
Non-current portion	3,685,042.35	7,521,511.19

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Long-term Payables

	30 June 2020 (Unaudited)	31 December 2019
Long-term payables	238,800,000.00	238,800,000.00
Less: Amount due within one year	400,000.00	400,000.00
Non-current portion	238,400,000.00	238,400,000.00

As at 30 June 2020, the Group recognized the corresponding equity payables of RMB238,800,000.00 (31 December 2019: RMB238,800,000.00) under the equity repurchase commitment with Tangshan Jingtang Railway Co., Ltd. during the period.

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

	30 June 2020 (Unaudited)	31 December 2019
Within 1 year (including 1 year)	400,000.00	400,000.00
Within 2 years (including 2 years)	50,400,000.00	50,400,000.00
Within 3 to 5 years (including 3 years and 5 years)	156,000,000.00	156,000,000.00
Over 5 years	32,000,000.00	32,000,000.00
	238,800,000.00	238,800,000.00

27. Long-term Employee Remuneration Payables

Other long-term employee benefits

	30 June 2020 (Unaudited)	31 December 2019
Early retirement schemes payable	759,961,564.18	842,607,809.71
Including: Amount due within one year	327,914,152.54	309,679,808.36
Non-current portion	432,047,411.64	532,928,001.35

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

27. Long-term Employee Remuneration Payables (Continued)

Other long-term employee benefits (Continued)

Change in early retirement schemes payable are as follows:

	30 June 2020 (Unaudited)	31 December 2019
Early retirement schemes		
Opening balance	842,607,809.71	479,401,487.71
Increase in the period/year	38,147,969.38	585,038,338.14
Decrease in the period/year	(120,794,214.91)	(221,832,016.14)
Closing balance	759,961,564.18	842,607,809.71

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

	30 June 2020 (Unaudited)	31 December 2019
Undiscounted amount		
Within 1 year	327,914,152.54	309,679,808.36
1 year to 2 years	201,240,871.82	234,603,799.23
2 years to 3 years	150,805,276.55	177,860,761.05
Over 3 years	126,831,588.12	184,916,360.95
	806,791,889.03	907,060,729.59
Unrecognized financing cost	(46,830,324.85)	(64,452,919.88)
	759,961,564.18	842,607,809.71

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.

28. Estimated liabilities

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Pending lawsuits	33,860,000.00	-	5,503,007.00	28,356,993.00

NOTES TO FINANCIAL STATEMENTS

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

28. Estimated liabilities (Continued)

2019

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pending lawsuits	33,860,000.00	-	-	33,860,000.00

Note: In January 2018, Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司) ("Cangzhou Bohai Port"), a subsidiary of the Company, received a summons from the Intermediate People's Court of Cangzhou City, Hebei Province, in relation to a lawsuit filed against Cangzhou Bohai Port as a defendant by China Construction Sixth Engineering Division Co., Ltd. ("CCSED"). The CCSED alleged that it undertook the construction of Information Center of Huanghua Port of Cangzhou Bohai Port in 2010 and requested Cangzhou Bohai Port to pay the construction fee for the above project of RMB33,864,106.08 and relevant interests and requested that the litigation fee and maintenance fee shall be borne by Cangzhou Bohai Port. On 28 June 2018, Cangzhou Bohai Port received a civil judgment ((2018) Ji 09 Min Chu No. 91) from the Intermediate People's Court of Cangzhou City, Hebei Province, in which CCSED's claim was dismissed and proceedings acceptance fee shall be borne by CCSED, the plaintiff.

On 17 October 2018, Cangzhou Bohai Port received the civil ruling ((2018) Ji Min Zhong No. 869) issued by the High People's Court of Hebei Province, which ordered that the civil judgment ((2018) Ji Min Chu No. 91) from the Intermediate People's Court of Cangzhou City be revoked and the case be remanded to the Intermediate People's Court of Cangzhou City.

On 30 December 2019, Cangzhou Bohai Port received the civil judgment ((2018) Ji 09 Min Chu No. 395) from the Intermediate People's Court of Cangzhou City, Hebei Province, pursuant to which: 1. Cangzhou Bohai Port is to make a payment of the construction fee of RMB11,158,601.35 to CCSED; 2. Calculated based on the construction fee of RMB11,158,601.35 in arrears for a period from 1 December 2010 to the date of actual payment by Cangzhou Bohai Port at an interest rate published by the People's Bank of China for similar loans in the same period, Cangzhou Bohai Port is to make a payment for 75% of the loss of capital occupation to CCSED. Cangzhou Bohai Port has applied for an appeal which is pending for judgment as at the date of the approval of publishing these financial statements.

In addition, Cangzhou Bohai Port received the civil judgment ((2019) Ji 09 Min Zhong No. 7086 and (2019) Ji 09 Min Zhong No. 6618) from the Intermediate People's Court of Cangzhou City, Hebei Province during 2019, in relation to the contract dispute between Wang Hongqiang, a sub-contractor of the construction of Information Center of Huanghua Port of Cangzhou Bohai Port, and Qinhuangdao Third Electric Power Engineering Co., Ltd (秦皇島三點電力電力工程有限公司), pursuant to which Cangzhou Bohai Port shall make a payment of construction fee of RMB3,502,390.33 in total to the aforesaid sub-contractor and loss of capital occupation at an interest rate published by the People's Bank of China for similar loans in the same period. Cangzhou Bohai Port made a payment of RMB5,503,007.00 to the sub-contractor in January 2020.

29. Deferred Income

	30 June 2020 (Unaudited)	31 December 2019
Government grants in relation to assets		
Special environmental subsidy	148,847,446.96	156,576,721.90
Subsidy for retrofitting of contingency coal storage depot	70,000,000.00	79,750,000.00
Technology center project funds	1,186,792.13	1,316,027.39
Others	2,239,270.27	2,300,603.61
	222,273,509.36	239,943,352.90
Government grants in relation to income		
Technology center project funds	3,170,000.00	3,170,000.00
	225,443,509.36	243,113,352.90

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

29. Deferred Income (Continued)

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Increase during the period	Recognized in other revenue in the period	Closing balance	Related to assets/income
Special environmental subsidy	156,576,721.90	–	7,729,274.94	148,847,446.96	Related to assets
Retrofitting of contingency coal storage depot	79,750,000.00	–	9,750,000.00	70,000,000.00	Related to assets
Technology center project funds	4,486,027.39	–	129,235.26	4,356,792.13	Related to assets and income
Others	2,300,603.61	–	61,333.34	2,239,270.27	Related to assets
	243,113,352.90	–	17,669,843.54	225,443,509.36	

2019

	Opening balance	Increase during the year	Recognized in other revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	173,026,993.91	–	16,450,272.01	156,576,721.90	Related to assets
Retrofitting of contingency coal storage depot	99,250,000.00	–	19,500,000.00	79,750,000.00	Related to assets
Technology center project funds	2,737,499.96	2,670,000.00	921,472.57	4,486,027.39	Related to assets and income
Others	1,728,944.44	700,000.00	128,340.83	2,300,603.61	Related to assets
	276,743,438.31	3,370,000.00	37,000,085.41	243,113,352.90	

30. Share Capital

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Changes during the period			Closing balance
		Issuance of new shares	Others	Sub-total	
I. Shares subject to selling restrictions (Note)					
1. Shares held by State-owned legal persons	3,063,066,842.00	–	–	–	3,063,066,842.00
2. Other	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
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	1,653,244,796.00	–	–	–	1,653,244,796.00
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	–	–	–	2,483,097,796.00
Total of shares	5,587,412,000.00	–	–	–	5,587,412,000.00

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Share Capital (Continued)

2019

	Opening balance	Changes during the year			Closing balance
		Issuance of new shares	Others	Sub-total	
I. Shares subject to selling restrictions (Note)					
1. Shares held by State-owned legal persons	3,063,066,842.00	-	-	-	3,063,066,842.00
2. Other	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
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	1,653,244,796.00	-	-	-	1,653,244,796.00
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	-	-	-	2,483,097,796.00
Total of shares	5,587,412,000.00	-	-	-	5,587,412,000.00

Note: All of the Shares subject to selling restrictions and trading moratorium became eligible for trading on 16 August 2020.

31. Capital Reserve

For the six months ended 30 June 2020 (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
Others	11,387,866.92	-	-	11,387,866.92
	5,207,544,792.61	-	-	5,207,544,792.61

2019

	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 1)	6,661,882.78	4,725,984.14	-	11,387,866.92
	5,202,818,808.47	4,725,984.14	-	5,207,544,792.61

Note 1: As disclosed in Note VI. 1, on 21 May 2019, Cangzhou Huanghuagang Mineral Port Co., Ltd., a subsidiary of the Company, consolidated Cangzhou Bohai Stevedoring Co., Ltd., another subsidiary of the Company, and continues to exist. The transaction lead to a decrease in minority interests by RMB4,725,984.14 and an increase in capital reserve by RMB4,725,984.14 in the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

32. 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 2020 (unaudited)

	1 January 2020	Increase/ (decrease)	30 June 2020 (Unaudited)
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	141,157,662.38	21,329,842.60	162,487,504.98
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	1,702,543.41	(444,541.53)	1,258,001.88
Changes in fair value of other equity instruments investment	33,760,810.46	15,680,419.46	49,441,229.92
Exchange differences on foreign currency translation	4,712,311.61	893,327.40	5,605,639.01
	181,333,327.86	37,459,047.93	218,792,375.79

2019

	1 January 2019	Increase/ (decrease)	31 December 2019
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	–	141,157,662.38	141,157,662.38
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	300.38	1,702,243.03	1,702,543.41
Changes in fair value of other equity instruments investment	(4,812,085.75)	38,572,896.21	33,760,810.46
Exchange differences on foreign currency translation	3,720,530.54	991,781.07	4,712,311.61
	(1,091,254.83)	182,424,582.69	181,333,327.86

Amount of other comprehensive income:

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	18,489,716.63	–	–	–	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	–
	40,268,345.10	–	–	–	37,459,047.93	2,809,297.17

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

32. Other Comprehensive Income (Continued)

For the six months ended 30 June 2019 (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						
Changes in fair value of other equity instruments investment	5,873,547.59	-	-	-	10,555,752.37	(4,682,204.78)
Changes in fair value of other investments in equity instruments						
Other comprehensive income to be taken to profit or loss using the equity method	592,349.45	-	-	-	592,349.45	-
Exchange differences on foreign currency translation	184,539.84	-	-	-	184,539.84	-
	6,650,436.88	-	-	-	11,332,641.66	(4,682,204.78)

33. Special Reserve

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Production safety expenses	108,030,468.84	33,526,470.79	10,168,954.81	131,387,984.82

2019

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Production safety expenses	80,726,967.97	69,773,506.66	42,470,005.79	108,030,468.84

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.

34. Surplus Reserve

For the six months ended 30 June 2020 (unaudited)

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	1,334,346,000.28	-	-	1,334,346,000.28

2019

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserve	1,235,538,930.68	98,807,069.60	-	1,334,346,000.28

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.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

35. Retained Profits

	30 June 2020 (Unaudited)	31 December 2019
Retained profits at the beginning of the period/year	2,191,776,305.79	1,789,566,768.00
Net profit attributable to shareholders of the parent	575,741,812.29	931,247,331.39
Less: Appropriation to statutory surplus reserve	–	98,807,069.60
Cash dividend payable for ordinary shares (Note)	502,867,080.00	430,230,724.00
Retained profits at the end of the period/year	2,264,651,038.08	2,191,776,305.79

Note: Pursuant to the Resolution on 2019 Profit Distribution considered and approved at the eighteen meeting of the fourth session of the board of directors 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.

Pursuant to the Resolution on 2018 Profit Distribution considered and approved at the tenth meeting of the fourth session of the board of directors of the Company held on 27 March 2019, the Company proposed to pay a cash dividend totaling RMB430,230,724.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.077 per share (inclusive of tax). The abovementioned proposal was approved at the 2018 Annual General Meeting held on 20 June 2019.

36. Operating Revenue and Cost

	For the six months ended 30 June 2020 (unaudited)		For the six months ended 30 June 2019 (unaudited)	
	Revenue	Cost	Revenue	Cost
Principal operations	2,990,119,781.82	1,780,218,920.58	3,384,992,560.83	1,889,887,988.72
Other operations	5,282,297.30	2,431,930.31	5,713,324.24	1,557,254.23
	2,995,402,079.12	1,782,650,850.89	3,390,705,885.07	1,891,445,242.95

The operating revenue is categorized as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue from contracts with customers	2,991,479,764.96	3,382,787,707.83
Rental income	3,922,314.16	7,918,177.24
	2,995,402,079.12	3,390,705,885.07

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

36. Operating Revenue and Cost (Continued)

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

Reportable segment – integrated port services	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Principal place of business		
Qinhuangdao	2,052,616,029.97	2,491,525,471.65
Others	938,863,734.99	891,262,236.18
	2,991,479,764.96	3,382,787,707.83
Main business types		
Service in relation to coal and relevant products	2,171,866,194.98	2,638,760,169.62
Service in relation to metal ore and relevant products	504,440,332.91	495,006,568.65
Service in relation to general and other cargoes	207,377,652.74	125,586,330.43
Container service	37,984,737.32	43,626,043.43
Service in relation to liquefied cargoes	26,217,509.87	34,093,190.67
Others	43,593,337.14	45,715,405.03
	2,991,479,764.96	3,382,787,707.83

The revenue recognized in 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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Contract liabilities	409,390,816.44	397,184,125.01

37. Tax and Surcharges

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Environmental protection tax	129,869,221.31	139,838,189.93
Land use tax	23,481,338.51	23,457,426.02
City maintenance and construction tax and education surcharge	8,984,873.31	11,215,099.40
Real estate tax	8,642,703.01	10,973,371.28
Stamp duty	1,260,469.88	383,621.01
Vehicles and vessels use tax	287,477.14	316,363.18
Land value-added tax	–	378,260.76
	172,526,083.16	186,562,331.58

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

38. Administrative Expenses

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Employee remuneration	189,922,852.22	229,303,046.72
Early retirement schemes (Note V. 27)	38,201,959.75	302,249,966.79
Depreciation and amortization	25,898,812.06	28,986,176.44
Rental expenses	14,761,174.64	15,056,280.44
Epidemic prevention expenses	4,596,855.05	4,357,897.55
Office charges	4,586,883.78	4,524,368.75
Repair and maintenance expenses	3,038,583.71	3,750,096.41
Cost of outsourcing labor	2,601,676.14	2,799,046.38
Travel expenses	1,311,047.26	2,832,841.77
Business entertainment expenses	730,625.90	1,736,466.81
Others	19,787,186.62	18,705,362.83
	305,437,657.13	614,301,550.89

39. Research and Development Expenses

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Staff labor costs	2,899,767.03	3,478,210.80
Commissioned research and development expense	108,716.98	267,831.09
Others	67,915.44	125,168.60
	3,076,399.45	3,871,210.49

40. Financial Cost

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Interest expenses	157,290,624.99	172,667,504.47
Including: Interest expenses on lease liabilities	355,090.37	532,038.49
Less: Interest income	17,454,727.14	17,074,459.78
Less: Capitalized interest	242,583.34	-
Foreign exchange gain	(900,507.74)	(216,671.01)
Others	201,435.26	244,155.62
	138,894,242.03	155,620,529.30

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

The breakdown of interest income is as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Interest income from bank deposits	17,454,727.14	17,074,459.78

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

41. Other Income

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Government subsidy related to daily activities	29,281,167.95	21,421,796.40
Refund of withholding personal income tax	291,511.46	–
	29,572,679.41	21,421,796.40

The government subsidy related to daily activities are as follows:

	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)	Related to assets/income
Retrofitting of contingency coal storage depot (Note 1)	9,750,000.00	9,750,000.00	Related to assets
Special environmental subsidy (Note 2)	7,729,274.94	8,287,636.01	Related to assets
Additional deduction on VAT (Note 3)	6,344,819.14	2,269,773.71	Related to income
Related to assets Station subsidy (Note 4)	466,610.00	710,800.00	Related to income
Others	5,281,975.33	403,586.68	
	29,572,679.41	21,421,796.40	

Note 1: Such government subsidy was the national special fund received for improving assets such as coal stacker and reclaiming 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: Such government subsidy was in accordance with Article 7 of 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 (referred to as "additional deduction policy").

Note 4: Such government subsidies were the subsidies for the number of stations recognized by Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司). According to the Notice on Printing and Distributing Management Measures for the Special Fund for Strategic Emerging Industry Development (Port Container Transport Subsidy) (Ji Cai Jian [2017] No.50) issued by the Municipal Finance Bureau and the Municipal Environmental Protection Bureau of Qinhuangdao, the purpose of the station subsidies is to subsidize the inland ports with annual business volume of more than 20,000 TEUs and container yards with annual business volume of more than 10,000 TEUs that are engaged in port container transportation services at ports in Hebei Province.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

42. Investment Income

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Long-term equity investment income accounted for under the equity method	88,664,876.08	113,679,555.02
Dividend income on other equity instrument investments held	5,100,000.00	5,651,000.00
Interest income on wealth management products	1,296,562.42	696,680.02
Investment income generated from disposal of subsidiaries	–	16,886,790.00
	95,061,438.50	136,914,025.04

43. Credit Impairment Loss

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Loss of bad debts for accounts receivable	1,740,038.20	3,519,004.40
Loss of bad debts for other receivables	(5,160,386.34)	(774,729.17)
	(3,420,348.14)	2,744,275.23

44. Gain in Disposal of Assets

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Gain in disposal of fixed assets	482,413.23	–
Gain in disposal of intangible assets	–	1,600,453.26
	482,413.23	1,600,453.26

45. Non-operating Income

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)	Non-recurring profit and loss for the six months ended 30 June 2020 (Unaudited)
Gains from spoilage and obsolescence of non-current assets	462,186.11	1,456,418.62	462,186.11
Payables waived	2,500.00	165,541.79	2,500.00
Government subsidy	–	2,047,169.81	–
Others	154,201.89	357,387.21	154,201.89
	618,888.00	4,026,517.43	618,888.00

46. Non-operating Expenses

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)	Non-recurring profit and loss for the six months ended 30 June 2020 (Unaudited)
Losses from spoilage and obsolescence of non-current assets	260,715.05	409,802.26	260,715.05
Donation expenses	3,033,000.00	–	3,033,000.00
Others	592,986.07	43,778.12	592,986.07
	3,886,701.12	453,580.38	3,886,701.12

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Expense by Nature

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

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Payroll (Note)	720,299,262.38	1,115,654,258.18
Depreciation and amortization	635,410,575.54	624,981,997.75
Repair and maintenance expenses	240,115,304.98	259,188,338.85
Power and fuel costs	122,800,743.90	152,193,909.96
Consumption expense of machinery	132,531,982.95	121,480,925.20
Rental	66,705,965.55	67,080,151.80
Cost of outsourcing labor	43,910,962.81	44,059,455.89
Others	129,390,109.36	125,040,431.23
	2,091,164,907.47	2,509,679,468.86

Note: Employee remuneration included early retirement schemes payable of RMB38,147,969.38 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB302,249,966.79), refer to Note V. 27 Long-term Employee Remuneration Payables for the details.

48. Income Tax Expenses

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Current income tax expenses	154,853,045.11	248,133,077.37
Deferred income tax expenses	43,176,542.83	(61,244,710.14)
	198,029,587.94	186,888,367.23

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

48. Income Tax Expenses (Continued)

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

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Total profit	711,245,216.34	705,097,042.31
Income tax expenses calculated at the statutory tax rate	177,811,304.09	176,274,260.58
Effect of different tax rates of subsidiaries	(576,989.24)	(17,477,908.21)
Income not subject to tax	(1,275,000.00)	(1,412,750.00)
Share of profits and losses of joint ventures and associates	(22,166,219.02)	(28,419,888.76)
Expenses not deductible for tax	6,196,136.80	3,739,722.28
Utilizing deductible losses not recognized in previous years	(418,566.90)	(528,710.71)
Unrecognized deductible losses	35,143,622.15	46,478,260.15
Unrecognized deductible temporary differences	279,009.40	145,023.03
Adjustments in respect of current income tax of previous periods	(671,406.22)	4,739,898.98
Others	3,707,696.88	3,350,459.89
Income tax expense at the Group's effective rate	198,029,587.94	186,888,367.23

49. Earnings per Share

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Basic and diluted earnings per share from continuing operations	0.10	0.10

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

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

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company from continuing operations	575,741,812.29	549,099,796.92
Shares		
Weighted average number of ordinary shares in issue of the Company	5,587,412,000.00	5,587,412,000.00

The Company had no dilutive potential ordinary shares in issue for the six months ended 30 June 2020 (for six months ended 30 June 2019: nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

50. Notes to the Statement of Cash Flows

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Cash received relating to other operating activities		
Interest income from bank deposit	17,454,727.14	17,074,459.78
Government subsidy	5,558,016.73	3,081,889.81
Others	537,437.60	14,817,303.59
	23,550,181.47	34,973,653.18
Cash paid relating to other operating activities		
Rental expenses	68,289,493.69	43,195,388.51
Dredging costs	22,464,356.38	–
Insurance	14,543,671.32	12,603,867.80
Sanitary charges and afforestation fee	8,402,282.43	5,347,082.17
Office charges and conference expenses	4,905,751.70	4,710,392.89
Travel expenses	1,311,047.26	2,633,045.48
Professional service fee	1,210,235.54	3,573,384.47
Others	17,397,820.93	6,376,615.08
	138,524,659.25	78,439,776.40
Cash received relating to other investing activities		
Litigation preservation fee received relating to assets	15,523,116.22	14,075,064.86
Other cash paid for investing activities		
Payment of guarantee deposits	–	6,000,000.00
Cash payments relating to other financing activities		
Payment of lease fee of right-of-use assets	3,915,353.36	2,095,779.61

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

51. 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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Net profit	513,215,628.40	518,208,675.08
Add: Credit impairment loss	3,420,348.14	(2,744,275.23)
Fixed assets depreciation	584,061,125.35	589,756,714.87
Right-of-use assets depreciation	6,070,330.05	6,070,330.17
Amortization of intangible assets	32,178,679.78	29,978,038.73
(Increase)/decrease in long-term prepaid expenses	(8,213,800.96)	337,938.24
Amortization of deferred income	(17,669,843.54)	(18,157,302.69)
Gain on disposal of fixed assets, intangible assets and other long-term assets	(683,884.29)	(2,647,069.62)
Financial costs	156,147,533.91	172,450,833.46
Investment income	(95,061,438.50)	(136,914,025.04)
Decrease/(increase) in deferred tax assets	43,176,542.83	(61,244,710.14)
Increase in inventories	(13,354,637.94)	(5,006,683.21)
Decrease/(increase) in other current assets	20,110,839.30	(5,625,346.81)
(Increase)/decrease in operating receivables	(43,635,379.49)	33,237,451.09
Increase in operating payables	69,279,184.16	387,804,233.24
Increase in special reserve	22,679,640.16	21,379,521.40
Net cash flows from operating activities	1,271,720,867.36	1,526,884,323.54

Major non-cash investing and financing activities:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Endorsed bank acceptance notes received from sale of goods or rendering of services	6,400,000.00	2,491,439.50

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

51. 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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Closing balance of cash	2,159,998,129.15	2,878,476,318.66
Less: Opening balance of cash	2,115,226,869.17	1,984,473,726.56
Net increase in cash and cash equivalents	44,771,259.98	894,002,592.10

- (2) Information on cash flow relating to lease

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Cash inflow relating to lease	3,922,314.16	7,918,177.24
Cash outflow relating to lease	72,204,847.05	45,291,168.12

- (3) Cash and cash equivalents

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Cash	2,159,998,129.15	2,878,476,318.66
Including: Cash on hand	41,079.53	52,784.13
Bank deposits on demand	2,159,957,049.62	2,878,423,534.53
Closing balance of cash and cash equivalents	2,159,998,129.15	2,878,476,318.66

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Assets with Restricted Ownership

	30 June 2020 (Unaudited)	31 December 2019
Cash and bank balances	26,322,900.00	41,845,516.22

As at 30 June 2020, the Group held frozen deposits of RMB20,000,000.00 due to the pending lawsuits (31 December 2019: RMB35,523,116.22).

As at 30 June 2020, the guarantee deposits of the Group was RMB6,000,000.00 (31 December 2019: 6,000,000.00).

As at 30 June 2020, the Group paid performance deposits of port business contract of RMB320,000.00 (31 December 2019: RMB320,000.00) and other deposits of RMB2,900.00 (31 December 2019: RMB2,400.00).

53. Foreign Currency Monetary Items

	30 June 2020 (unaudited)			31 December 2019		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US\$	5,384,254.76	7.0795	38,116,021.34	5,351,402.14	6.9762	37,342,643.89
EUR	-	-	-	475.78	7.8155	3,718.43
HK\$	71,046,394.75	0.9134	64,896,618.82	70,761,726.32	0.8958	63,386,939.20
Other receivables						
HK\$	5,807.14	0.9134	5,304.47	1,230.19	0.8958	1,101.97
US\$	-	-	-	-	-	-
Taxes payable						
HK\$	28,147.92	0.9134	25,711.44	28,147.92	0.8958	25,214.34
Other payables						
HK\$	61,643.42	0.9134	56,307.57	62,873.62	0.8958	56,320.92
US\$	59,990.00	7.0795	424,699.21	59,990.00	6.9762	418,502.24

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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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 Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	Qinhuangdao city	Qinhuangdao city	Accessories sales	1,000	100.00	-
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	-
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司) (Note 1)	Cangzhou city	Cangzhou city	Loading and unloading services	255,100	96.08	-
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) (Note 1)	Cangzhou city	Cangzhou city	Loading and unloading services	271,535	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	300	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) (Note 2)	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	-

Note 1: On 21 May 2019, Cangzhou Huanghuagang Mineral Port Co., Ltd., a subsidiary of the Company, and another subsidiary, Cangzhou Bohai Port Co., Ltd. entered into a Purchase and Merger Agreement, and Cangzhou Huanghuagang Mineral Port Co., Ltd. purchased and merged with Cangzhou Bohai Port Co., Ltd., and Cangzhou Bohai Port Co., Ltd. was dissolved and cancelled. After the merger, the Company's capital contribution and shareholding ratio in Cangzhou Huanghuagang Mineral Port Co., Ltd. decreased from 98.90% to 97.59%. As at 30 June 2020, the relevant industrial and commercial registration has not been changed.

Note 2: On 9 May 2019, the Company, Datong Coal Mine Group Co., Ltd. and Port of CaoFeiDian Group Co., Ltd. jointly invested and established Hebei Tangshan Caofeidian Jitong Port Co., Ltd., with an agreed shareholding ratio of 59%, 40% and 1%, respectively. As at 30 June 2020, the Company has contributed RMB118,000,000.00 according to the contract.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in Subsidiaries (Continued)

Subsidiaries with significant minority interests are as follows:

For the six months ended 30 June 2020 (unaudited)

	Shareholding as minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of period
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(64,376,188.69)	–	573,176,960.37

2019

	Shareholding as minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of period
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(111,075,502.63)	–	633,520,013.18

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

	30 June 2020 (Unaudited)	31 December 2019
Current assets	201,146,087.49	215,824,348.36
Non-current assets	5,232,870,680.17	5,405,800,743.36
Total assets	5,434,016,767.66	5,621,625,091.72
Current liabilities	819,483,307.71	756,968,617.19
Non-current liabilities	3,444,784,561.24	3,571,758,488.44
Total liabilities	4,264,267,868.95	4,328,727,105.63

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue	221,167,231.32	284,113,937.17
Net loss	(131,379,976.94)	(79,650,453.95)
Other comprehensive income	5,733,259.54	(9,555,519.96)
Total comprehensive income	(125,646,717.40)	(89,205,973.91)
Net cash flows from operating activities	118,736,292.00	191,159,659.81

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB' 0000	Accounting treatment		Percentage of shareholding (%)
					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)	Cangzhou city	Cangzhou city	Loading and unloading services	10,000	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)	Handan city	Handan city	Logistic services	80,000	-	21.13	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	14.29	-	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
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Qinhuangdao city	Qinhuangdao city	Technical services	800	70.00	-	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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020 (Unaudited)	31 December 2019
Current assets	187,270,970.03	188,720,881.47
Including: Cash and cash equivalents	117,270,370.03	188,720,595.47
Non-current assets	285,376,204.34	341,140,025.69
Total assets	472,647,174.37	529,860,907.16
Current liabilities	21,848,068.39	21,609,588.30
Non-current liabilities	–	–
Total liabilities	21,848,068.39	21,609,588.30
Owners' equity	450,799,105.98	508,251,318.86
Share of net assets in proportion to shareholding	225,399,552.98	254,125,659.43
Provision for impairment	33,102,233.95	33,102,233.95
Carrying amount of investment	192,297,319.03	221,023,425.48

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue	–	–
Administrative expenses	3,135,923.59	6,441,060.37
Financial cost – interest income	1,367,661.98	325,084.61
Financial cost – interest expense	–	–
Income tax expenses	–	–
Net loss	(57,683,032.54)	(43,011,681.45)
Total comprehensive income	(57,683,032.54)	(43,011,681.45)

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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. Hebei Port 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 2020 (unaudited)

	Caofeidian Shiye	Finance Company
Current assets	1,660,912,164.62	3,738,442,247.80
Including: Cash and cash equivalents	666,635,589.98	3,130,483,063.79
Non-current assets	5,656,199,118.54	2,178,759,802.38
Total assets	7,317,111,283.16	5,917,202,050.18
Current liabilities	1,430,827,890.90	4,216,235,927.36
Non-current liabilities	1,632,622,462.80	573,400.23
Total liabilities	3,063,450,353.70	4,216,809,327.59
Minority interest	38,532,675.29	–
Equity attributable to shareholders of the parent	4,215,128,254.17	1,700,392,722.59
Share of net assets in proportion to shareholding	1,475,294,888.96	680,157,089.04
Carrying amount of investment	1,475,294,888.96	680,157,089.04

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

NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

31 December 2019

	Caofeidian Shiye	Finance Company
Current assets	1,408,224,709.87	1,883,528,427.40
Including: Cash and cash equivalents	413,639,589.05	1,261,288,789.82
Non-current assets	5,664,351,740.17	3,141,003,038.26
Total assets	7,072,576,450.04	5,024,531,465.66
Current liabilities	1,388,741,672.72	3,345,850,778.82
Non-current liabilities	1,523,278,616.40	1,671,921.73
Total liabilities	2,912,020,289.12	3,347,522,700.55
Minority interest	38,775,529.96	–
Equity attributable to shareholders of the parent	4,121,780,630.96	1,677,008,765.11
Share of net assets in proportion to shareholding	1,442,623,220.84	670,803,506.05
Carrying amount of investment	1,442,623,220.84	670,803,506.05

For the six months ended 30 June 2019 (unaudited)

	Caofeidian Shiye	Finance Company
Revenue	827,380,260.60	67,421,003.99
Administrative expense	66,143,329.51	8,411,023.72
Financial cost – interest income	3,702,554.77	–
Financial cost – interest expense	59,763,067.24	–
Income tax expenses	70,759,824.67	9,992,428.32
Net profit	346,847,783.89	38,531,674.52
Including: Net profit attributable to the parent	346,806,133.58	38,531,674.52
Total comprehensive income	346,847,783.89	38,531,674.52
Dividend received	45,500,000.00	–

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 aggregated financial information of joint ventures and associates that are insignificant to the Group:

	30 June 2020 (Unaudited)	31 December 2019
Joint ventures		
Total carrying amount of investment	22,465,936.85	28,657,403.52
Total amount of the following items calculated in the Group's equity proportion		
Net loss	(6,217,113.30)	(13,092,313.93)
Total comprehensive income	(6,217,113.30)	(13,092,313.93)
Associates		
Total carrying amount of investment	570,904,489.15	570,870,270.14
Total amount of the following items calculated in the Group's equity proportion		
Net profit/(loss)	30,847.60	(12,242,075.57)
Total comprehensive income	30,847.60	(12,242,075.57)

NOTES TO FINANCIAL STATEMENTS

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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 2020 (unaudited)

Financial assets

	Financial assets at fair value through profit or loss		At amortized cost	Financial assets at fair value through other comprehensive income		Total
	Requirements of standards	Designed		Requirements of standards	Designed	
Cash and bank balances	-	-	3,077,521,029.15	-	-	3,077,521,029.15
Bills receivable	-	-	194,097,706.00	-	-	194,097,706.00
Accounts receivable	-	-	92,362,178.38	-	-	92,362,178.38
Financial assets held for trading	170,000,000.00	-	-	-	-	170,000,000.00
Other receivables	-	-	154,734,310.25	-	-	154,734,310.25
Other investments in equity instruments	-	-	-	-	817,446,118.17	817,446,118.17
	170,000,000.00	-	3,518,715,223.78	-	817,446,118.17	4,506,161,341.95

Financial liabilities

	Financial liabilities carried at amortized cost
Short-term borrowings	194,294,833.98
Accounts payable	316,070,261.78
Other payables	530,247,337.78
Non-current liabilities due within one year	824,951,163.06
Lease liabilities	3,685,042.35
Long-term payables	238,400,000.00
Long-term borrowings	5,669,237,997.98
	7,776,886,636.93

NOTES TO FINANCIAL STATEMENTS

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial Instruments by Category (Continued)

31 December 2019

Financial assets

	At amortized cost	Financial assets at fair value through other comprehensive income		Total
		Requirements of standards	Designed	
Cash and bank balances	2,805,072,385.39	-	-	2,805,072,385.39
Bills receivable	172,344,886.06	-	-	172,344,886.06
Accounts receivable	81,480,463.58	-	-	81,480,463.58
Other receivables	47,843,613.54	-	-	47,843,613.54
Other equity instrument investment	-	-	792,793,162.66	792,793,162.66
	3,106,741,348.57	-	792,793,162.66	3,899,534,511.23

Financial liabilities

	Financial liabilities carried at amortized cost
Short-term borrowings	151,811,497.31
Accounts payable	164,642,529.63
Other payables	600,068,011.91
Non-current liabilities due within one year	698,268,300.47
Long-term payables	238,400,000.00
Lease liabilities	7,521,511.19
Long-term borrowings	5,883,682,492.98
	7,744,394,343.49

NOTES TO FINANCIAL STATEMENTS

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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 2020, the Group has no endorsed bank acceptance notes (31 December 2019: RMB13,375,481.11) 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 2020, there is a concentration of specific credit risk within the Group as 18% and 61% (31 December 2019: 27% and 62%) 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.

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For the six months ended 30 June 2020

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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;
- 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.

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For the six months ended 30 June 2020

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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 2020 and 31 December 2019, the Group made provisions for the expected credit loss rate for bad debt of receivables based on the future 12 months or entire remaining lifetime credit loss. Please refer to Note V. 4 Accounts Receivable (entire remaining lifetime) and Note V.5 Other Receivables (future 12 months).

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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 2020, approximately 16% (31 December 2019: 13%) 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 2020 (unaudited)

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	-	197,356,952.04	-	-	197,356,952.04
Accounts payable	-	316,070,261.78	-	-	316,070,261.78
Other payables	106,195,656.29	424,051,681.49	-	-	530,247,337.78
Non-current liabilities due within one year	-	841,275,251.37	-	-	841,275,251.37
Long-term borrowings	-	264,506,039.81	4,652,563,486.22	1,909,514,292.11	6,826,583,818.14
Lease liabilities	-	-	4,471,662.88	-	4,471,662.88
Long-term payables	-	-	206,400,000.00	32,000,000.00	238,400,000.00
	106,195,656.29	2,043,260,186.49	4,863,435,149.10	1,941,514,292.11	8,954,405,283.99

31 December 2019

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	-	154,184,850.09	-	-	154,184,850.09
Accounts payable	-	164,642,529.63	-	-	164,642,529.63
Other payables	27,796,788.49	572,271,223.42	-	-	600,068,011.91
Non-current liabilities due within one year	-	719,591,875.47	-	-	719,591,875.47
Long-term borrowings	-	271,390,306.95	4,411,136,066.92	2,476,187,562.65	7,158,713,936.52
Lease liabilities	-	-	8,387,016.24	-	8,387,016.24
Long-term payables	-	-	206,400,000.00	32,000,000.00	238,400,000.00
	27,796,788.49	1,882,080,785.56	4,625,923,083.16	2,508,187,562.65	9,043,988,219.86

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020 (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	(24,476,341.85)	–	(24,476,341.85)
RMB	(50)	24,476,341.85	–	24,476,341.85

31 December 2019

	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	(24,802,374.35)	–	(24,802,374.35)
RMB	(50)	24,802,374.35	–	24,802,374.35

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020 (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%	(420,848.42)	(65,300.87)	(486,149.29)
If the RMB strengthens against the US\$	1%	(282,684.92)	-	(282,684.92)
If the RMB weakens against the HK\$	(1%)	420,848.42	65,300.87	486,149.29
If the RMB weakens against the US\$	(1%)	282,684.92	-	282,684.92

31 December 2019

	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%	(411,142.96)	(63,655.83)	(474,798.79)
If the RMB strengthens against the US\$	1%	(276,931.06)	-	(276,931.06)
If the RMB weakens against the HK\$	(1%)	411,142.96	63,655.83	474,798.79
If the RMB weakens against the US\$	(1%)	276,931.06	-	276,931.06

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020 and 2019, 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 accounts payable, other payables, short-term borrowings, non-current liabilities due within one year, long-term borrowings 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 2020 (Unaudited)	31 December 2019
Accounts payable	316,070,261.78	164,642,529.63
Other payables	548,250,264.46	618,070,938.59
Short-term borrowings	194,294,833.98	151,811,497.31
Non-current liabilities due within one year	824,951,163.06	698,268,300.47
Long-term borrowings	5,669,237,997.98	5,883,682,492.98
Lease liabilities	3,685,042.35	7,521,511.19
Long-term payables	238,400,000.00	238,400,000.00
Less: Cash and bank balances	3,077,521,029.15	2,805,072,385.39
Net debt	4,717,368,534.46	4,957,324,884.78
Equity attributable to shareholders of the parent	14,744,134,191.58	14,610,442,895.38
Capital and net debt	19,461,502,726.04	19,567,767,780.16
Net debt to equity ratio	24%	25%

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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VIII. DISCLOSURE OF FAIR VALUE

1. Assets and Liabilities Measured at Fair Value

30 June 2020 (unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
Continuous measurement of fair value				
Other equity instrument investment	-	-	817,446,118.17	817,446,118.17
Financial assets held for trading	-	-	170,000,000.00	170,000,000.00
	-	-	987,446,118.17	987,446,118.17

31 December 2019

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
Continuous measurement of fair value				
Other equity instrument investment	-	24,000,000.00	768,793,162.66	792,793,162.66

2. Financial Liabilities Disclosed at Fair Value

30 June 2020 (unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
Long-term borrowings	-	-	5,669,237,997.98	5,669,237,997.98
Lease liabilities	-	-	3,685,042.35	3,685,042.35
Long-term payables	-	-	238,400,000.00	238,400,000.00
	-	-	5,911,323,040.33	5,911,323,040.33

31 December 2019

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
Long-term borrowings	-	-	5,883,682,492.98	5,883,682,492.98
Lease liabilities	-	-	7,521,511.19	7,521,511.19
Long-term payables	-	-	238,400,000.00	238,400,000.00
	-	-	6,129,604,004.17	6,129,604,004.17

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020 and 31 December 2019, 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 RMB77,725,574.20; with the use of more favorable assumption, the fair value increased by approximately RMB77,725,574.20.

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
Debt instrument investments	30 June 2020: 170,000,000.00	Discounted cash flow method	Prepayment rate	For the six months ended 30 June 2020: 0% 2019: 0%
	31 December 2019: -			
			Probability of default	For the six months ended 30 June 2020: 0% 2019: 0%
			Default loss rate	For the six months ended 30 June 2020: 0% 2019: 0%
Equity instrument investments	30 June 2020: 817,446,118.17 31 December 2019: 768,793,162.66	Listed company comparison method	Liquidity discount	For the six months ended 30 June 2020: 24%-29% 2019: 24%-29%

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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VIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

5. Reconciliation of fair value measurement

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

30 June 2020 (unaudited)

	Total profit or loss for the current period					Closing balance	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			
Financial assets held for trading	-	-	-	170,000,000.00		170,000,000.00	-
Other equity instrument investments	768,793,162.66	-	24,652,955.51	24,000,000.00		817,446,118.17	-
	768,793,162.66	-	24,652,955.51	194,000,000.00		987,446,118.17	-

31 December 2019

	Total profit or loss for the current year					Closing balance	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			
Other equity instrument investments	730,638,543.63	-	38,154,619.03	-		768,793,162.66	-

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

For the six months ended 30 June 2020

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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
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
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 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
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 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
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
Qinhuangdao Zhihai 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
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
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
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	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
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
Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	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
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	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 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
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 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 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
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	Other enterprises affected by the controlling shareholder
Datong Coal Industry Co., Ltd. (大同煤業股份有限公司)	Other related party *
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Other related party **
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Other related party **

* The president of the Company serves as a director of the company.

** Members of the Board of the Company are also members of the board of directors of the company.

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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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Transactions with the parent company			
HPG	Integrated service (Note 2)	18,884,421.11	17,531,068.49
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	75,195,124.91	101,302,710.71
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Logistics service	9,185,167.53	8,447,978.45
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Construction service	6,985,010.20	12,323,594.84
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Examination and test services	6,434,072.10	4,378,554.47
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方園港灣工程監理有限公司)	Supervisory service	6,095,191.57	42,493.39
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Logistics service	1,698,113.16	-
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	Logistics service	967,040.00	-
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 Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Logistics service	33,113.21	2,830.19
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 Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	Logistics service	24,467.00	17,330.45
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	-
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Material purchase	-	1,545,135.36
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	Repair and maintenance service	-	284,562.27
Qinhuangdao Blue Harbour International Travel Service Co., Ltd. (秦皇島市藍港國際旅行社有限公司)	Logistics service	-	35,250.00
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	Logistics service	-	3,848.53
		106,706,727.68	128,384,288.66
		125,591,148.79	145,915,357.15

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 2020

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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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Transactions with the parent company			
HPG	Electricity supply service etc.	1,992,428.57	2,926,248.05
Transactions with joint ventures and associates			
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	2,007,523.27
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	4,020,441.51
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	Electricity supply service	-	51,208.74
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	Electricity supply service	-	18,396.36
		2,117,481.95	6,097,569.88
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	25,232,125.41	28,876,989.02
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	Sales of goods and tallying service	6,597,801.91	7,285,452.87
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Equipment sales and draft survey service	1,674,945.57	3,391,465.37
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	6,056,678.28
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	321,718.47
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	449,298.18
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Electricity supply service	255,491.86	291,803.52
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	230,809.40	257,384.44
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Electricity supply service etc.	212,322.73	304,689.50
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	Electricity supply service	175,723.94	484,447.67
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Electricity supply service	128,704.42	316,598.48
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	128,208.62	29,663.72
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Electricity supply service	37,312.26	25,851.62
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	Loading and unloading service	37,280.79	48,018.86
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Sales of goods	9,979.09	7,534.35
		37,017,083.16	48,147,594.35
		41,126,993.68	57,171,412.28

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 2020

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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 2020 (Unaudited)	Rental income for the six months ended 30 June 2019 (Unaudited)
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Venue rental expense	95,710.22	-
Zhejiang Yuehua Energy Inspection Co., Ltd. (浙江越華能源檢測有限公司)	Building	61,630.28	-
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Machinery and Equipment	55,071.78	248,944.72
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Heating pipeline usage fee	40,261.90	-
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Heating pipeline usage fee	17,166.67	-
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Land use rights	-	183,207.27
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方園港灣工程監理有限公司)	Building	-	49,523.81
Total		269,840.85	481,675.80

As lessee

	Category of Leased assets	Rental expense for the six months ended 30 June 2020 (Unaudited)	Rental expense for the six months ended 30 June 2019 (Unaudited)
HPG	Buildings and harbor facilities	40,217,021.27	42,143,045.85
HPG	Office buildings	8,325,372.12	8,423.
HPG	Land use right	5,406,127.52	5,566,454.25
HPG	Machinery and equipment	2,761,702.11	3,913,409.66
HPG	Vehicle	77,618.08	56,406.00
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	1,190,476.19
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Equipment	222,477.07	222,727.26
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		58,069,365.52	61,516,460.18

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 2020

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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 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

For the six months ended 30 June 2019 (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)	20,000,000.00	Benchmark interest rate 5% higher	2019/1/15	2022/1/14
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	Benchmark interest rate 5% higher	2019/1/15	2022/1/14
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	10,000,000.00	Benchmark	2019/4/16	2022/4/15
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	20,000,000.00	Benchmark	2019/4/24	2022/4/23
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	80,000,000.00	Benchmark	2019/6/28	2022/6/27
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	30,000,000.00	Benchmark	2019/5/27	2019/11/26
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	1,200,000.00	7.50%	2019/3/20	2019/8/18

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	28,000,000.00	140,000,000.00

Interest expenses paid

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	12,701,888.53	6,736,431.13
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	717,074.95	22,750.00
	13,418,963.48	6,759,181.13

(4) Key management personnel

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Remuneration for key management personnel	2,439,481.28	2,595,835.10

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020, the balance of the Group's deposits in Finance Company amounted to RMB2,372,950,049.99 (31 December 2019: RMB2,191,604,588.45). The interest income received from the Finance Company amounted to RMB14,193,433.02 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB13,936,937.61).

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 2020 (Unaudited)	For the six months ended 30 June 2019 (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)	115,282,346.49	37,281,333.03
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	26,453,883.94	17,548,317.01
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	24,648,757.83	27,353,815.51
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	22,635,796.27	23,580,269.76
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	1,762,243.41	1,138,704.63
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	119,411.35	708,412.18
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)	1,167.92	-
Cangzhou Bohai New Zone Far Trans Shipping Agency Company (滄州渤海新區泛航船務代理有限公司)	-	9,416.04
Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (曹妃甸工業區之海船務代理有限公司)	-	4,952.00
	190,903,607.21	107,625,220.16

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 2020 (Unaudited)	31 December 2019
Contracted, but not provided for		
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	10,934,960.00	1,100,014.00
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	2,683,632.00	16,627,963.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	2,916.00	–
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	–	46,300.00
	13,621,508.00	17,774,277.00

Investment commitments

	30 June 2020 (Unaudited)	31 December 2019
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 2020 (Unaudited)	31 December 2019
Within 1 year (including 1 year)	62,481,674.50	3,109,082.12

Pursuant to the relevant lease contracts, the aforementioned minimum lease payments under non-cancellable leases on 30 June 2020 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 RMB124,259,223.27. 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.

7. The Parent Company and Subsidiaries

	30 June 2020 (Unaudited)	31 December 2019
Investment in subsidiaries		
Unlisted investments, at cost	6,779,474,535.30	6,779,474,535.30

The amounts due from and to subsidiaries of RMB6,140,443.15 (2019: RMB4,767,117.04) and RMB2,380,577.32 (2019: RMB2,736,860.07) under the items of current assets and current liabilities, respectively, were unsecured, non-interest bearing and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8. Balances of Accounts Due from Related Parties

	30 June 2020 (unaudited)		31 December 2019	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable				
Due from the parent company				
HPG	89,225.03	5,778.11	234,456.36	15,034.92
Due from joint ventures and associates				
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	3,234,238.29	161,711.91	3,234,238.29	171,205.51
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	946,943.74	946,943.74	2,892,625.54	2,892,625.54
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	39,149.89	1,957.49	1,305,008.00	65,250.40
	4,220,331.92	1,110,613.14	7,431,871.83	3,129,081.45
Due from other related parties				
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	17,447,757.93	872,387.90	18,721,035.00	936,051.75
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	12,848,452.00	642,422.60	5,597,760.00	279,888.00
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	5,143,787.00	257,189.35	1,915,488.00	95,774.40
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	3,738,296.00	186,914.80	1,330,612.00	66,530.60
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	418,336.72	20,916.84	629,876.03	31,493.80
Huanghua Foreign Ships Agency Co., Ltd. (黃驛港外輪代理有限公司)	83,985.00	4,199.25	38,179.00	1,908.95
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	26,952.03	1,347.60	26,952.03	1,347.60
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	16,396.56	819.82	-	-
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	6,125.00	306.25	-	-
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)	-	-	81,814.46	4,090.72
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	-	-	76,078.56	3,803.93
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	-	-	72,485.56	3,624.28
	39,730,088.24	1,986,504.41	28,490,280.64	1,424,514.03
	44,039,645.19	3,102,895.66	36,156,608.83	4,568,630.40

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

	30 June 2020 (unaudited)		31 December 2019	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable				
Due from the parent company				
HPG	100,000.00	10,000.00	100,000.00	10,000.00
Due from joint ventures and associates				
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	6,227,084.83	21,425,195.83	2,205,861.25
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	3,684,378.71	184,218.94	1,365,296.70	68,264.84
	25,109,574.54	6,411,303.77	22,790,492.53	2,274,126.09
Due from other related parties				
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,629,317.60	461,180.88	4,594,300.00	229,715.00
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限責任公司)	236,225.00	11,811.25	-	-
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	83,333.33	4,166.67	-	-
	4,948,875.93	477,158.80	4,594,300.00	229,715.00
	30,158,450.47	6,898,462.57	27,484,792.53	2,513,841.09
Prepayments				
Advances to parent company				
HPG	253,570.05	-	-	-
Advances to other related parties				
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限責任公司)	2,242,062.00	-	-	-
	2,495,632.05	-	-	-

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 2020

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

9. Balances of Accounts Due from Related Parties

	30 June 2020 (Unaudited)	31 December 2019
Accounts payable		
Due to the parent company		
HPG	726,927.93	2,966,376.05
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)	47,347,722.72	42,494,658.16
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	42,131,629.02	29,440,708.94
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	5,302,856.29	49,490.00
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	1,872,492.03	1,990,608.56
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	900,000.00	600,000.00
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	409,887.11	428,821.54
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	–	11,215.00
	97,964,587.17	75,015,502.20
	98,691,515.10	77,981,878.25
Other payables		
Due to the parent company		
HPG	23,175,400.87	27,741,987.72
Due to associates		
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	1,200,000.00	–
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	10,000.00	10,000.00
	1,210,000.00	10,000.00
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)	148,888,119.79	147,115,486.60
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	5,932,284.93	5,932,284.93
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	600,000.00	600,000.00
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	568,573.00	–
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	450,000.00	450,000.00
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	50,000.00	50,000.00
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	40,000.00	40,000.00
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	36,500.00	36,500.00
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	35,134.00	35,134.00
	156,600,611.72	154,259,405.53
	180,986,012.59	182,011,393.25

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

	30 June 2020 (Unaudited)	31 December 2019
Contract Liabilities		
Advance from associates		
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	10,348.69	10,000.44
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)	13,333,515.50	12,252,130.50
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	8,134,537.99	3,467,852.07
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	4,162,500.90	6,585,233.90
Datong Coal Industry Co., Ltd. (大同煤業股份有限公司)	837,173.88	-
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	205,739.39	193,811.82
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	109,220.76	883,703.39
Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	140,432.00	43,127.00
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	13,819.00	3,620.00
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)	1.00	1.00
	26,940,380.42	23,432,919.68
	26,950,729.11	23,442,920.12
Lease Liabilities		
The parent company		
HPG	12,180,514.89	15,740,777.88
Short-term borrowings		
Loans to other related companies		
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	23,596,108.20	21,581,786.20
Long-term borrowings		
Loans to associates		
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	547,000,000.00	545,000,000.00

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 2020

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X. COMMITMENTS

	30 June 2020 (Unaudited)	31 December 2019
Contracted, but not provided for		
Investment commitments	1,140,000,000.00	1,140,000,000.00
Investment commitments	2,223,511,037.02	1,028,080,728.04
	3,363,511,037.02	2,168,080,728.04

XI. EVENTS AFTER THE BALANCE SHEET DATE

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. 36.

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 RMB403,709,194.34 (for the six months ended 30 June 2019: RMB868,433,114.94) that reached or exceeded 10% of the revenue of the Group generated from one customer (for the six months ended 30 June 2019: two).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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 RMB3,922,314.16 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB7,918,177.24), details of which are set out in Note V. 36. Leasing of port facilities is set out in the item "Fixed assets", details of which are set out in Note V. 10.

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

	30 June 2020 (Unaudited)	31 December 2019
Within 1 year (including 1 year)	473,861.19	640,481.97

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.10.

(2) As lessee

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Interest expenses on lease liabilities	355,090.37	532,038.49
Minimum lease payments with simplified processing included in profit or loss	66,650,654.81	67,023,745.80
Lease payments of low value asset with simplified processing included in profit or loss (other than short-term leases)	55,310.74	56,406.00
Total cash outflow relating to lease	72,204,847.05	45,291,168.12

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 2020

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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 2020 (Unaudited)	31 December 2019
Within 1 year (including 1 year)	63,294,343.93	4,503,648.88
1 year to 2 years (inclusive)	146,687.75	106,000.00
2 year to 3 years (inclusive)	–	54,306.85
	63,441,031.68	4,663,955.73

Other information on leases

Please refer to Note V. 12 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. 25 for details of lease liabilities.

3. Remunerations of Directors, Supervisors and Senior Management

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Fees	200,000.00	200,000.00
Other emoluments:		
Salaries and allowances	1,829,429.30	1,868,051.71
Pension scheme contributions	410,051.98	527,783.39
	2,239,481.28	2,395,835.10
	2,439,481.28	2,595,835.10

(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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
HOU Shujun	50,000.00	50,000.00
ZANG Xiuqing	50,000.00	50,000.00
CHEN Ruihua	50,000.00	50,000.00
XIAO Zuhe	50,000.00	50,000.00
	200,000.00	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 2019: nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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XII. OTHER IMPORTANT ITEMS (CONTINUED)

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

(2) Executive Directors, non-executive Directors and Supervisors

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Salaries and allowances:		
Executive Directors:		
CAO Ziyu	-	-
WANG Lubiao	-	81,881.61
MA Xiping	242,612.60	242,423.22
YANG Wensheng	255,945.91	291,318.18
Non-executive Directors:		
XIAO Xiang	-	-
LI Jianping	-	-
LIU Guanghai	-	-
Supervisors:		
CAO Dong	183,299.54	190,828.96
BIAN Yingzi(卞英姿)	-	-
BU Zhouqing	-	-
CHEN Linyan	181,741.76	188,992.60
MENG Bo(孟博)	-	-
	365,041.30	379,821.56

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

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

(2) Executive Directors, non-executive Directors and Supervisors (Continued)

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Pension scheme contributions:		
Executive Directors:		
CAO Ziyu	-	-
WANG Lubiao*	-	30,570.11
MA Xiping	54,194.81	58,523.10
YANG Wensheng	57,531.49	60,211.30
Non-executive Directors:		
XIAO Xiang	-	-
LI Jianping	-	-
LIU Guanghai	-	-
Supervisors:		
CAO Dong	41,381.13	74,488.48
BIAN Yingzi(卞英姿)	-	-
BU Zhouqing	-	-
CHEN Linyan	41,245.02	72,646.96
MENG Bo(孟博)	-	-
	82,626.15	147,135.44

* WANG Lubiao resigned from the relevant position of the Company in March 2020.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

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

(3) Senior Management

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Salaries and allowances:		
HE Zhenya	242,809.05	242,465.34
NIE Yuzhong	242,074.00	242,423.22
GUO Xikun	241,797.27	242,423.22
CHEN Lixin	239,149.17	145,295.36
	965,829.49	872,607.14

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Pension scheme contributions:		
HE Zhenya	58,919.40	58,880.56
NIE Yuzhong	53,494.81	58,523.10
GUO Xikun	53,728.14	58,523.10
CHEN Lixin	49,557.18	55,416.68
	215,699.53	231,343.44

There was no agreement under which a director, supervisor or senior management waived or agreed to waive any remuneration during the year (for the six months ended 30 June 2019: nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

4. Five Highest Paid Senior Management

For the six months ended 30 June 2020, the five highest paid employees included two (for the six months ended 30 June 2019: two) Directors, 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 2019: three) during the period are as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Salaries and allowances	726,680.32	727,311.78
Pension scheme contributions	166,142.35	175,926.76
	892,822.67	903,238.54

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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Nil to RMB1,000,000	3	3

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

1. 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:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019
Within 1 year	55,145,618.56	45,961,195.81
1 to 2 years	613,223.91	30,900.10
2 to 3 years	–	7,068.39
Over 3 years	2,476,077.43	2,476,077.43
	58,234,919.90	48,475,241.73
Less: Provision for bad debts	6,135,205.16	7,527,342.01
	52,099,714.74	40,947,899.72

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

	30 June 2020 (unaudited)				
	Carrying amount		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually	884,762.54	2	884,762.54	100	-
Provision for bad debts made by portfolio of credit risk characteristics	57,350,157.36	98	5,250,442.62	9	52,099,714.74
	58,234,919.90	100	6,135,205.16	11	52,099,714.74

	31 December 2019				
	Carrying amount		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually	2,892,625.54	6	2,892,625.54	100	-
Provision for bad debts made by portfolio of credit risk characteristics	45,582,616.19	94	4,634,716.47	10	40,947,899.72
	48,475,241.73	100	7,527,342.01	16	40,947,899.72

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

	30 June 2020 (unaudited)			31 December 2019		
	Estimated 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	54,260,856.02	5	2,516,811.15	43,068,570.27	5	2,139,829.33
1 to 2 years	613,223.91	42	257,554.04	30,900.10	42	13,014.47
2 to 3 years	-	82	-	7,068.39	82	5,795.24
Over 3 years	2,476,077.43	100	2,476,077.43	2,476,077.43	100	2,476,077.43
	57,350,157.36	9	5,250,442.62	45,582,616.19	10	4,634,716.47

For the six months ended 30 June 2020, the Group has no provision for bad debts (2019: nil), and the recovered or reversed bad debts provision was RMB1,392,136.85 (2019: RMB3,546,663.45).

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

1. Accounts Receivable (Continued)

As at 30 June 2020, the top five amounts of accounts receivable are as follows (unaudited):

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	16,982,131.00	29.16	849,106.55	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	12,430,452.00	21.35	621,522.60	5
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	6,140,443.15	10.54	307,022.16	5
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	4,759,472.00	8.17	237,973.60	5
Tangshan Yanshan Iron&Steel Co., Ltd. (唐山燕山鋼鐵有限公司)	3,882,650.00	6.67	194,132.50	5
	44,195,148.15	75.89	2,209,757.41	

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

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	18,656,879.00	38.49	932,843.95	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	5,597,760.00	11.55	279,888.00	5
Electricity bureau of Jiangsu Province (江蘇省電力局)	3,422,557.68	7.06	171,127.88	5
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,892,625.54	5.97	2,892,625.54	100
Suizhong Haixing Shipping Agency Co., Ltd. (綏中海星船務代理有限公司)	2,700,000.00	5.57	135,000.00	5
	33,269,822.22	68.64	4,411,485.37	

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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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 2020 (unaudited)

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividends
Subsidiaries					
Qinhuangdao Ocean Shipping Tally Co., Ltd. (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. (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	-
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., Ltd. (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	-	-	6,779,474,535.30	-

NOTES TO FINANCIAL STATEMENTS

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

2. Long-term Equity Investments (Continued)

Equity method:	Change within the year										
	Opening balance	Increase in investment	Decrease in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other movements	Distribution of dividends	Provision for impairment	Closing carrying amount	Closing provision for impairment
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	-	-	(28,841,516.28)	-	115,409.83	-	-	-	192,297,919.03	(63,102,233.95)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	30,533,713.52	-	-	(6,217,113.30)	-	25,646.63	-	-	-	24,342,246.85	(7,286,029.31)
Sub-total	251,557,139.00	-	-	(35,058,629.58)	-	141,056.46	-	-	-	216,639,665.88	(40,388,263.26)
Associates											
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	670,803,506.05	-	-	19,798,124.52	(444,541.53)	-	-	(10,000,000.00)	-	680,157,089.04	-
Tangshan Caofeidian Shive Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,442,623,220.84	-	-	103,894,533.54	21,329,842.60	1,947,291.98	-	(94,500,000.00)	-	1,475,294,868.96	-
Qinhuangdao Xingao Qin gang Energy Storage & Transportation Co., Ltd. (秦皇島興業秦港能源儲運有限公司)	-	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	271,386,547.27	-	-	(628,934.07)	-	-	-	-	-	270,757,613.20	-
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	2,840,314.40	-	-	833,934.35	-	-	-	-	-	3,674,248.75	-
Zhejiang Yuehua Energy Inspection Co., Ltd. (浙江越華能源檢測有限公司)	12,169,835.21	-	-	139,858.42	-	-	-	-	-	12,309,793.63	-
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤質檢驗行)	40,314.02	-	-	(40,314.02)	-	-	-	-	-	-	-
Sub-total	2,399,863,837.79	-	-	123,987,202.74	20,885,301.07	1,947,291.98	-	(104,500,000.00)	-	2,442,193,633.58	(20,800,000.00)
Total	9,430,895,512.09	-	-	88,938,573.16	20,885,301.07	2,088,348.44	-	(104,500,000.00)	-	9,438,307,734.76	(61,188,263.26)

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

2. Long-term Equity Investments (Continued)

2019

	Opening balance	Additional Investment	Decrease in investment	Closing balance	Distribution of dividends
Subsidiaries					
Qinhuangdao Ocean Shipping Tally Co., Ltd. (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. (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)	2,464,400,000.00	-	(2,464,400,000.00)	-	-
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)	2,748,812,300.00	2,464,400,000.00	-	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. (唐山曹妃甸黃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., Ltd. (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. (唐山曹妃甸黃港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Tangshan Caofeidian Jitong 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	6,651,559,306.66	2,592,315,228.64	(2,464,400,000.00)	6,779,474,535.30	=

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

2. Long-term Equity Investments (Continued)

	Change within the year										
	Opening balance	Increase in investment	Decrease in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other movements	Distribution of dividends	Provision for impairment	Closing carrying amount	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)	317,497,275.58	-	-	(63,613,339.95)	-	241,723.80	-	-	(63,102,233.95)	221,023,425.48	(63,102,233.95)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	48,982,030.36	1,876,310.00	-	(13,092,313.93)	-	53,716.40	-	-	(7,286,029.31)	30,533,713.52	(7,286,029.31)
Sub-total	366,479,305.94	1,876,310.00	-	(76,705,653.88)	-	295,440.20	-	-	(40,388,263.26)	251,557,139.00	(40,388,263.26)
Associates											
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	643,656,324.14	-	-	31,282,601.77	1,702,243.03	-	-	(6,837,662.89)	-	670,803,506.05	-
Tangshan Caofeidian Shiyue Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,127,953,901.45	-	-	216,590,491.90	141,157,662.38	2,421,165.11	-	(45,500,000.00)	-	1,442,623,220.84	-
Qinhuangdao Xingao Qin gang Energy Storage & Transportation Co., Ltd. (秦皇島興業港能儲運有限公司)	-	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	272,444,632.08	-	-	(1,058,084.81)	-	-	-	-	-	271,386,547.27	-
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中環外輪理貨有限公司)	1,686,632.05	-	-	1,153,662.35	-	-	-	-	-	2,840,314.40	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	11,457,900.00	-	-	712,035.21	-	-	-	-	-	12,169,935.21	-
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤質檢驗所)	-	-	-	(5,870,185.98)	-	-	5,910,500.00	-	-	40,314.02	-
Sub-total	2,057,199,389.72	-	-	242,810,540.44	142,859,905.41	2,421,165.11	5,910,500.00	(51,337,662.89)	-	2,389,863,857.79	(20,800,000.00)
Total	9,075,238,002.32	2,594,191,538.64	(2,464,400,000.00)	166,104,886.56	142,859,905.41	2,716,605.31	5,910,500.00	(51,337,662.89)	(40,388,263.26)	9,430,895,512.03	(61,188,263.26)

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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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:

For the six months ended 30 June 2020 (unaudited)

	Opening Balance	Increase in the year	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)	33,102,233.95	-	-	33,102,233.95
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	7,286,029.31	-	-	7,286,029.31
Total	61,188,263.26	-	-	61,188,263.26

2019

	Opening Balance	Increase in the year	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)	-	33,102,233.95	-	33,102,233.95
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	-	7,286,029.31	-	7,286,029.31
Total	20,800,000.00	40,388,263.26	-	61,188,263.26

3. Other equity instrument investments

For the six months ended 30 June 2020 (unaudited)

	Cost	Change 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)	498,000,000.00	60,032,624.20	558,032,624.20	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	34,000,000.00	(17,925,129.60)	16,074,870.40	-	-
Cangzhou Huanghuagang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	30,752,357.95	5,119,849.18	35,872,207.13	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	24,000,000.00	115,505.74	24,115,505.74	-	-
Total	586,752,357.95	47,342,849.52	634,095,207.47	-	-

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

3. Other equity instrument investments (Continued)

2019

	Cost	Change in Fair value accumulated in other comprehensive income	Fair value	Dividend income in current 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)	498,000,000.00	43,558,933.73	541,558,933.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	34,000,000.00	(17,381,506.03)	16,618,493.97	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	30,752,357.95	4,156,812.37	34,909,170.32	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	24,000,000.00	-	24,000,000.00	-	-
Total	586,752,357.95	30,334,240.07	617,086,598.02	-	-

4. Operating Revenue and Cost

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue from the principal operations	2,010,896,286.99	2,441,643,158.80
Cost of the principal operations	1,009,506,924.01	1,129,987,099.22

The operating revenue is categorized is as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue from contracts with customers	2,010,030,463.06	2,439,742,029.54
Rental income	865,823.93	1,901,129.26
	2,010,896,286.99	2,441,643,158.80

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

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Reportable segment – integrated port services		
Principal place of business		
Qinhuangdao	2,010,030,463.06	2,439,742,029.54
Main business types		
Service in relation to coal and relevant products	1,858,184,660.09	2,291,904,054.36
Service in relation to general and other cargoes	91,154,314.05	81,254,046.07
Service in relation to liquefied cargoes	26,217,509.87	34,093,190.67
Service in relation to metal ore and relevant products	17,743,517.96	6,514,913.68
Others	16,730,461.09	25,975,824.76
	2,010,030,463.06	2,439,742,029.54

5. Investment Income

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Long-term equity investment income accounted for under the equity method	88,938,573.16	116,864,841.55

SUPPLEMENTARY INFORMATION ON FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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1. BREAKDOWN OF NON-RECURRING PROFIT AND LOSS

	For the six months ended 30 June 2020 (Unaudited)
Gain on disposal of non-current assets	683,884.29
Government grants credited to profit or loss for the current period	28,406,800.68
Donation expenses	(3,033,000.00)
Gain on entrusted investment or asset management	1,296,562.42
Write back of the provision for impairment of accounts receivable that is individually tested for impairment	2,007,863.00
Other non-operating income and expenses	(436,284.18)
Sub-total	28,925,826.21
Less: Effect of income tax	6,932,292.13
Less: Effect of minority interests (after tax)	505,276.88
Total	21,488,257.20

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 EARNINGS PER SHARE

For the six months ended 30 June 2020 (unaudited)

	Return on Net Assets (%)	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 loss	3.71	0.10	0.10

For the six months ended 30 June 2019 (unaudited)

	Return on Net Assets (%)	Earnings Per Share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	3.87	0.10	0.10
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	3.65	0.09	0.09