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Qingdao Port International Co., Ltd.

青島港國際股份有限公司

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 06198)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2021:

- Revenue was RMB7,933 million, representing an increase of 30.6% as compared to the same period in the prior year;
- Net profit attributable to shareholders of the Company was RMB2,166 million, representing an increase of 7.6% as compared to the same period in the prior year; and
- Basic earnings per share was RMB0.33.

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2021. The interim results have been reviewed by the Audit Committee of the Board. The Group's unaudited interim consolidated balance sheet, unaudited interim consolidated income statement and the notes 1 to 10 as presented below are extracted from the Group's unaudited interim consolidated financial information for the six months ended 30 June 2021.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2021 (Unaudited)	31 December 2020
Current assets			
Cash at bank and on hand		6,657,674,946	8,548,976,734
Financial assets held for trading		2,216,789,656	1,121,813,078
Notes receivable		19,822,936	52,322,799
Accounts receivable	3	2,817,615,225	2,982,613,568
Financing receivables		328,044,432	528,732,800
Advances to suppliers		165,436,439	102,314,994
Other receivables		2,849,709,003	2,273,191,624
Inventories		78,911,251	137,327,278
Contract assets		273,122,763	62,830,443
Assets held for sale		1,258,015,061	-
Current portion of non-current assets		557,552,123	59,127,841
Other current assets		1,073,295,413	3,100,048,118
Total current assets		18,295,989,248	18,969,299,277
Non-current assets			
Long-term receivables		2,773,480,075	3,308,404,670
Long-term equity investments		10,493,458,961	9,871,753,951
Other non-current financial assets		672,014,337	586,308,466
Investment properties		168,139,690	170,522,903
Fixed assets		15,907,081,529	16,168,130,367
Construction in progress		3,443,756,832	3,068,902,274
Right-of-use assets		412,738,301	311,822,056
Intangible assets		2,915,020,440	2,914,515,994
Development expenses		12,630,428	-
Goodwill		48,683,209	48,683,209
Long-term prepaid expenses		52,117,103	27,145,518
Deferred tax assets		934,476,733	920,319,850
Other non-current assets		1,023,489,871	811,556,445
Total non-current assets		38,857,087,509	38,208,065,703
TOTAL ASSETS		57,153,076,757	57,177,364,980

CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT 30 JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2021 (Unaudited)	31 December 2020
Current liabilities			
Short-term borrowings		1,045,205,956	135,133,306
Notes payable		772,575,151	890,180,633
Accounts payable	4	1,520,120,682	1,197,290,688
Advances from customers		55,328,463	6,453,928
Contract liabilities		194,700,357	148,693,164
Employee benefits payable		394,448,077	440,016,032
Taxes payable		289,111,558	256,377,041
Other payables		8,609,787,387	9,421,058,097
Liabilities held for sale		1,230,315,956	-
Current portion of non-current liabilities		192,135,941	2,288,917,202
Other current liabilities		10,745,165	8,474,375
Total current liabilities		14,314,474,693	14,792,594,466
Non-current liabilities			
Long-term borrowings		16,820,687	109,708,639
Lease liabilities		212,837,284	139,109,235
Long-term payables		44,556,320	40,973,544
Provisions		9,220,403	9,765,192
Deferred income		274,215,935	280,047,491
Long-term employee benefits payable		2,203,650,000	2,326,560,000
Deferred tax liabilities		53,594,748	54,031,756
Other non-current liabilities		2,583,267,186	2,683,842,524
Total non-current liabilities		5,398,162,563	5,644,038,381
Total liabilities		19,712,637,256	20,436,632,847
Shareholders' equity			
Share capital		6,491,100,000	6,491,100,000
Capital surplus		12,288,455,757	12,318,673,889
Other comprehensive income		284,863,227	287,298,275
Specific reserve		12,057,657	4,279,187
Surplus reserve		1,617,193,102	1,617,193,102
General reserve		411,248,470	411,248,470
Undistributed profits		12,330,628,330	11,866,599,218
Total equity attributable to shareholders of the Company		33,435,546,543	32,996,392,141
Minority interests		4,004,892,958	3,744,339,992
Total Shareholders' equity		37,440,439,501	36,740,732,133
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		57,153,076,757	57,177,364,980

CONSOLIDATED INCOME STATEMENT **FOR THE SIX MONTHS ENDED 30 JUNE 2021**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
1. Revenue	6	7,933,081,653	6,072,103,452
Less: Cost of sales	6	(5,119,203,977)	(3,744,765,192)
Taxes and surcharges	7	(67,342,355)	(51,263,872)
Selling and distribution expenses		(27,492,908)	(14,665,388)
General and administrative expenses		(368,994,711)	(220,125,601)
Research and development expenses		(11,932,279)	(6,606,855)
Financial expenses		60,953,028	105,288,105
Including: Interest expenses		83,110,450	98,805,635
Interest income		195,287,696	226,364,485
Add: Other income		83,043,873	32,901,118
Investment income		714,395,114	768,169,574
Including: Investment income from associates and joint ventures		644,054,244	668,009,957
Gains on changes in fair value		5,708,790	2,720,249
Credit impairment losses		(37,994,011)	(84,076,845)
Asset impairment losses		(11,087,572)	10,171,621
Gains on disposal of assets		7,860,343	17,371,326
2. Operating profit		3,160,994,988	2,887,221,692
Add: Non-operating income		2,091,339	5,968,028
Less: Non-operating expenses		(1,229,152)	(5,535,707)
3. Total profit		3,161,857,175	2,887,654,013
Less: Income tax expenses	8	(636,127,270)	(568,944,486)
4. Net profit		2,525,729,905	2,318,709,527
Classified by continuity of operations			
Net profit from continuing operations		2,525,729,905	2,318,709,527
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Minority interests		359,734,373	305,887,088
Attributable to shareholders of the Company		2,165,995,532	2,012,822,439

CONSOLIDATED INCOME STATEMENT (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	For the six months ended 30 June 2021	For the six months ended 30 June 2020
		(Unaudited)	(Unaudited)
5. Other comprehensive income, net of tax		(3,478,640)	(12,121,900)
Attributable to shareholders of the Company, net of tax			
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		-	-
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		(2,435,048)	(8,485,330)
Attributable to minority shareholders, net of tax		(1,043,592)	(3,636,570)
6. Total comprehensive income		<u>2,522,251,265</u>	<u>2,306,587,627</u>
Attributable to shareholders of the Company		2,163,560,484	2,004,337,109
Attributable to minority interests		358,690,781	302,250,518
7. Earnings per share	9		
Basic earnings per share (RMB)		0.33	0.31
Diluted earnings per share (RMB)		0.33	0.31

Notes

1 General Information

The Company is a joint stock limited company incorporated in Qingdao City of Shandong Province of PRC on 15 November 2013 (the “**Company’s Date of Incorporation**”) by QDP, as the leading promoter, together with Shenzhen Malai Storage Co., Ltd., Qingdao Ocean Shipping Co., Ltd. (now renamed as COSCO Shipping (Qingdao) Co., Ltd.), China Shipping Terminal Development, Everbright (Qingdao) Financial Leasing Co., Ltd. and Qingdao International Investment Co., Ltd., with its current registered address at No. 12 Jingba Road, Huangdao District, Qingdao, Shandong Province, the PRC.

The H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014.

The completion of the placing of 243,000,000 new H shares of the Company took place on 18 May 2017 at the placing price of HK\$4.32 per H Share (equivalent to approximately RMB3.81). The number of total share capital of the Company increased to 5,021,204,000 shares as a result of the issue of the placing shares.

The Company made private placement of 1,015,520,000 Domestic Shares to Shanghai China Shipping Terminal on 22 May 2017 at a subscription price of RMB5.71 per share. After the completion of the private placement of the Domestic Shares, the number of total shares of the Company increased to 6,036,724,000 shares.

On 21 January 2019, the Company completed the initial public offering of 454,376,000 ordinary shares (A shares) and was listed on the main board of Shanghai Stock Exchange with a par value of RMB1.00 per share at the issuing price of RMB4.61 per share. After the completion of the issuance of A shares, the number of total shares of the Company increased to 6,491,100,000 shares.

As at 30 June 2021, the total share capital of the Company is 6,491,100,000 shares with a par value of RMB1.00 per share, including 5,392,075,000 A shares and 1,099,025,000 H shares, accounting for 83.07% and 16.93%, respectively, of the total share capital of the Company. QDP holds 55.54% shares of the Company in total.

1 General Information (Cont'd)

As at 30 June 2021, Qingdao SASAC and Shandong Port Group hold 51% and 49% of equity interests in QDP, respectively. Before the date on which the Company's A shares having been listed for 36 months, Shandong Port Group shall not enjoy the portion of the distributed profit of QDP attributable to the Company, and Shandong Port Group's voting on relevant matters regarding the Company on QDP's general meetings shall concur with Qingdao SASAC's voting. Therefore, as at 30 June 2021, QDP remained as the Company's controlling shareholder and Qingdao SASAC remained as the ultimate controller of the Company. Please refer to the announcements of the Company dated 22 August 2019, 23 August 2019, 28 August 2019, 30 August 2019, 17 November 2020, 20 November 2020 and 2 December 2020 for detailed information.

The Group includes port and port-related services such as stevedoring, stacking, logistics of containers, metal ores, coal, crude oil, grains, break bulk cargo, financing service business, and port ancillary business including port machinery manufacturing, and building and construction.

2 Preparation basis of financial statements

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as the “**Accounting Standards for Business Enterprises**”); and are also prepared in accordance with the Public Information Disclosure and Compilation Rules for Public Offering of Securities No. 15 - General Provisions for Financial Reporting issued by China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance took effect from 3 March 2014 and certain disclosures in the financial statements have been adjusted in accordance with requirements therein.

2 Preparation basis of financial statements (Cont'd)

(1) Preparation basis of consolidated financial statements

Prior to the establishment of the Company, QDP was reorganized under the plan approved by Qingdao SASAC and transferred certain business into the Company; therefore, the matter was deemed as business combination involving enterprises under common control. Pursuant to the Accounting Standards for Business Enterprises, at preparation of the consolidated financial statements of the Group, the assets and liabilities contributed by QDP at the Company's Date of Incorporation remain presented at their original carrying amounts rather than at the appraisal values approved by the competent state-owned assets management authorities in the reorganization. The difference between the appraisal values and the carrying amounts is charged against the shareholders' equity in the consolidated financial statements.

On the other hand, certain subsidiaries of the Company appraised their assets and liabilities in the process of transformation from state-owned enterprises into limited liability companies. In the light of Interpretation No. 1 to the Accounting Standards for Business Enterprises, the assets and liabilities of such reorganized companies shall, on the incorporation dates, be consolidated into the consolidated financial statements of the Group based on the appraisal values approved by the competent state-owned assets management authorities.

(2) Preparation basis of the Company's financial statements

Upon preparation of the Company's financial statements, the assets and liabilities from QDP injected into the Company are recognized based on the appraisal values approved by the competent state-owned assets management authorities, and consolidated into the Company's financial statements.

3 Accounts receivable

(All amounts in RMB Yuan unless otherwise stated in the following forms)

	30 June 2021	31 December 2020
	(Unaudited)	
Accounts receivable	2,994,307,525	3,210,799,719
Less: Bad debt provision	<u>(176,692,300)</u>	<u>(228,186,151)</u>
	<u>2,817,615,225</u>	<u>2,982,613,568</u>

The Group's income is partially in the form of cash, advances from customers, bank acceptance notes and trade acceptance notes. Remaining sales income is settled primarily with credit terms of 30 to 90 days.

The ageing of accounts receivable based on their recording dates is analyzed as follows:

	30 June 2021	31 December 2020
	(Unaudited)	
Within 1 year	2,553,559,708	2,599,240,153
1 to 2 years	393,875,161	512,444,480
2 to 3 years	37,218,220	82,297,431
3 to 4 years	1,030,724	6,809,460
4 to 5 years	-	-
More than 5 years	<u>8,623,712</u>	<u>10,008,195</u>
	<u>2,994,307,525</u>	<u>3,210,799,719</u>

Accounts receivable are mainly recorded based on the date of transaction. The ageing of accounts receivable represented based on their recording dates is basically the same as the ageing represented based on the dates of invoice.

4 Accounts payable

	30 June 2021 (Unaudited)	31 December 2020
Material expenditure payable	757,377,958	559,858,519
Agency fee payable	235,346,759	148,311,874
Transportation expenses payable	162,137,205	161,752,196
Subcontract handling expenses payable	141,716,552	48,496,803
Subcontract costs payable	45,082,486	145,708,481
Storage fee payable	47,677,342	-
Rental expenses payable	46,076,304	21,190,163
Repair expenses payable	42,677,470	58,679,269
Others	42,028,606	53,293,383
	<u>1,520,120,682</u>	<u>1,197,290,688</u>

The ageing of accounts payable based on their recording dates is analyzed as follows:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	1,452,818,379	1,114,693,166
Over 1 year	<u>67,302,303</u>	<u>82,597,522</u>
	<u>1,520,120,682</u>	<u>1,197,290,688</u>

As at 30 June 2021, accounts payable over one year amounted to RMB67,302,303 (31 December 2020: RMB82,597,522), which were mainly subcontract costs and material expenditure payables for unsettled constructions.

Accounts payable are mainly recorded based on the date of transaction. The ageing of accounts payable represented based on their recording dates is basically the same as the ageing represented based on the dates of invoice.

5 Dividends

According to the resolution of the Board on 29 March 2021 and the resolution of the annual general meeting of the Company on 28 June 2021, the Company intends to distribute cash dividend for 2020 to all shareholders with RMB262.20 (tax included) for every 1,000 shares. Based on the 6,491,100,000 shares issued, the proposed cash dividend is RMB1,701,966,420.

For the six months ended 30 June 2021, the Board has not declared to distribute interim dividends (for the six months ended 30 June 2020: nil).

6 Revenue and cost of sales

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Revenue from main operations	7,337,695,282	5,481,507,462
Revenue from other operations	595,386,371	590,595,990
	<u>7,933,081,653</u>	<u>6,072,103,452</u>
	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Cost of sales from main operations	(4,789,413,268)	(3,408,556,502)
Cost of sales from other operations	(329,790,709)	(336,208,690)
	<u>(5,119,203,977)</u>	<u>(3,744,765,192)</u>

7 Taxes and surcharges

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Land use tax	28,248,994	22,015,685
City maintenance and construction tax	13,293,248	8,911,480
Education surcharge	9,323,905	6,292,653
Stamp duty	5,505,963	4,403,790
Property tax	4,937,779	3,146,124
Others	6,032,466	6,494,140
	<u>67,342,355</u>	<u>51,263,872</u>

8 Income tax expenses

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Current income tax calculated based on tax law and related regulations	672,849,553	570,356,590
Deferred income tax	<u>(36,722,283)</u>	<u>(1,412,104)</u>
	<u>636,127,270</u>	<u>568,944,486</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Total profit	<u>3,161,857,175</u>	<u>2,887,654,013</u>
Income tax expenses calculated at applicable tax rates	790,464,294	721,913,503
The effect of preferential tax rates	(1,589,507)	(3,196,428)
Investment income not subject to tax	(161,013,561)	(167,002,489)
Additional deduction of employee benefits of the disabled	(610,211)	(618,994)
Costs, expenses and losses not deductible for tax purposes	8,377,579	9,982,189
Deductible temporary differences for which no deferred tax asset was recognized for the current year	100,000	-
Deductible losses not recognized as deferred tax assets in the current period	<u>398,676</u>	<u>7,866,705</u>
Income tax expenses	<u>636,127,270</u>	<u>568,944,486</u>

9 Earnings per share

(1) *Basic earnings per share*

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	2,165,995,532	2,012,822,439
Weighted average number of ordinary shares outstanding	<u>6,491,100,000</u>	<u>6,491,100,000</u>
Basic earnings per share	<u>0.33</u>	<u>0.31</u>

Including:

- Basic earnings per share from continuing operations	0.33	0.31
- Basic earnings per share from discontinued operations	-	-

(2) *Diluted earnings per share*

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil), diluted earnings per share equal to basic earnings per share.

10 Segment information

The Group's management assesses the Group's performance and determines reportable segments by service category. Different service categories require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation to these segments and to assess their performance.

The Group identified six reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management;
- Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management;
- Liquid bulk handling and ancillary services: loading and discharging of crude oil and other liquid bulk, storage, transport and port management;
- Logistics and port value-added services: CFS, provision of cargo logistics, agency, towing, tallying and other services;
- Port ancillary services: provision of facilities construction services, manufacturing of port related equipment, supplying electricity power, fuel and others;
- Financial services: provision of deposit taking activities, corporate loans, guarantee, agency insurance, investment and financial management and others.

The Group's major operational activities are carried out in mainland China. The Group's management does not separately manage the production and operation by region. Therefore, segment performance is not separately presented by region.

Inter-segment transfer prices are mutually agreed with reference to the market price. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

10 Segment information (Cont'd)

(1) Segment information for the six months ended 30 June 2021 and as at 30 June 2021 is listed as follows (Unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	152,116,241	1,906,934,558	1,663,445,312	2,990,532,983	1,220,052,559	183,654,293	-	-	8,116,735,946
Inter-segment revenue	8,059,774	43,206,992	66,112	91,812,673	681,953,503	79,048,638	-	(904,147,692)	-
Cost of sales	(41,177,062)	(1,392,906,214)	(541,788,705)	(2,264,441,860)	(878,890,136)	(37,274,072)	-	-	(5,156,478,049)
Interest income	9,884	1,354,389	8,170,733	6,972,757	1,745,751	-	23,379,977	(30,000,088)	11,633,403
Interest expenses	(15,271,365)	(26,600,609)	(86,768,730)	(13,766,253)	(17,935,240)	-	(20,479,829)	134,985,648	(45,836,378)
Investment income from associates and joint ventures	423,395,617	(6,648,520)	181,380,508	31,620,343	474,513	6,498,792	-	7,332,991	644,054,244
Other investment income	-	(1,070,315)	-	-	(634,586)	64,448,262	68,213,359	(60,615,850)	70,340,870
Asset impairment losses	-	-	-	-	(11,087,572)	-	-	-	(11,087,572)
Credit impairment losses	-	1,017,594	(34,003,641)	(10,735,111)	(893,449)	6,620,596	-	-	(37,994,011)
Depreciation and amortization	(13,165,533)	(105,764,757)	(192,085,456)	(103,038,090)	(92,154,109)	(821,268)	(19,282,329)	-	(526,311,542)
Total profit	512,165,793	362,582,386	1,171,012,557	665,031,859	236,998,708	271,023,971	(19,094,002)	(37,864,097)	3,161,857,175
Income tax expenses	3,643,862	(1,013,454)	(224,021,005)	(123,294,238)	(9,905,231)	(58,403,553)	(223,133,651)	-	(636,127,270)
Net profit	515,809,655	361,568,932	946,991,552	541,737,621	227,093,477	212,620,418	(242,227,653)	(37,864,097)	2,525,729,905
Total assets	8,507,329,610	8,316,695,085	14,897,211,380	6,612,675,631	7,525,402,158	15,693,989,407	10,696,870,712	(15,097,097,226)	57,153,076,757
Total liabilities	758,223,008	3,320,111,052	4,905,869,352	3,570,564,865	6,841,114,852	12,845,371,038	2,450,965,475	(14,979,582,386)	19,712,637,256
Non-cash expenses other than depreciation and amortization	760,000	20,030,000	820,000	7,720,000	12,880,000	20,000	-	-	42,230,000
Long-term equity investments in associates and joint ventures	6,508,943,399	1,212,806,551	2,183,622,121	451,993,150	15,110,944	120,982,796	-	-	10,493,458,961
Additions of non-current assets (i)	-	465,604,559	616,990,072	14,550,759	222,800,228	-	2,997,444	29,346	1,322,972,408

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

10 Segment information (Cont'd)

(2) *Segment information for the six months ended 30 June 2020 and as at 31 December 2020 is listed as follows (Unaudited):*

(a) Segment information for the six months ended 30 June 2020:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	92,563,938	1,493,552,638	1,037,665,974	2,184,895,342	1,259,521,815	154,347,658	-	-	6,222,547,365
Inter-segment revenue	5,851,094	67,263,536	44,439	56,120,427	347,241,786	63,311,249	-	(539,832,531)	-
Cost of sales	(34,878,651)	(1,163,028,032)	(234,046,059)	(1,439,043,833)	(873,420,092)	(31,694,784)	-	-	(3,776,111,451)
Interest income	9,609	1,325,350	9,687,726	6,463,579	844,613	17,250,722	64,089,752	(23,750,779)	75,920,572
Interest expenses	(13,135,103)	(28,344,096)	(76,404,168)	(13,198,317)	(13,715,379)	-	(39,385,140)	116,722,827	(67,459,376)
Investment income from associates and joint ventures	452,041,401	8,094,039	170,145,881	35,681,304	314,795	6,290,969	-	(4,558,432)	668,009,957
Other investment income	-	19,500	-	-	-	99,506,564	58,816,611	(58,183,058)	100,159,617
Asset impairment income	-	-	-	-	10,171,621	-	-	-	10,171,621
Credit impairment losses	-	257,143	(8,630,636)	2,521,617	(27,051,591)	(51,173,378)	-	-	(84,076,845)
Depreciation and amortization	(12,372,744)	(110,853,767)	(137,832,864)	(103,210,749)	(84,926,243)	(659,217)	(16,396,334)	-	(466,251,918)
Total profit	489,767,741	249,660,367	880,639,917	735,663,500	285,631,742	231,827,066	33,275,110	(18,811,430)	2,887,654,013
Income tax expenses	-	(2,960,723)	(160,182,751)	(124,435,041)	(17,293,106)	(58,727,180)	(205,345,685)	-	(568,944,486)
Net profit	489,767,741	246,699,644	720,457,166	611,228,459	268,338,636	173,099,886	(172,070,575)	(18,811,430)	2,318,709,527
Non-cash expenses other than depreciation and amortization	1,040,000	22,560,000	930,000	6,730,000	15,520,000	20,000	-	-	46,800,000
Additions of non-current assets									
(i)	103,676	171,917,773	1,297,597,327	22,578,484	247,242,070	-	6,074,060	117,642,228	1,863,155,618

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

(b) Segment information as at 31 December 2020 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value- added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Total assets	8,085,868,966	8,049,545,871	14,068,484,953	5,330,771,054	7,482,831,397	19,007,763,372	12,303,353,199	(17,151,253,832)	57,177,364,980
Total liabilities	769,134,021	3,347,562,020	5,325,702,733	2,267,124,432	6,202,201,993	16,385,069,123	3,431,963,136	(17,292,124,611)	20,436,632,847
Long-term equity investments in associates and joint ventures	6,074,465,711	1,232,650,021	2,000,251,610	435,606,033	14,296,572	114,484,004	-	-	9,871,753,951

10 Segment information (Cont'd)

- (3) *Reconciliation between reportable segment revenue from external customers, reportable segment interest income, reportable segment cost of sales and reportable segment interest expenses and amounts in consolidated financial statements is listed as follows:*

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Revenue -		
Reportable segment revenue from external customers	8,116,735,946	6,222,547,365
Reclassification of interest income from external customers of Qingdao Finance (i)	(183,654,293)	(150,443,913)
Consolidated revenue	<u>7,933,081,653</u>	<u>6,072,103,452</u>
Interest income -		
Reportable segment interest income	11,633,403	75,920,572
Reclassification of interest income from external customers of Qingdao Finance (i)	183,654,293	150,443,913
Consolidated interest income	<u>195,287,696</u>	<u>226,364,485</u>
Cost of sales-		
Reportable segment cost of sales	5,156,478,049	3,776,111,451
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	(37,274,072)	(31,346,259)
Consolidated cost of sales	<u>5,119,203,977</u>	<u>3,744,765,192</u>
Interest expenses -		
Reportable segment interest expenses	45,836,378	67,459,376
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	37,274,072	31,346,259
Consolidated interest expenses	<u>83,110,450</u>	<u>98,805,635</u>

- (i) Reportable segment revenue from external customers includes interest income from external customers of Qingdao Finance, which is presented as financial expenses - interest income in the consolidated financial statements.
- (ii) Reportable segment cost of sales includes interest expenses of Qingdao Finance, which is presented as financial expenses - interest expenses in the consolidated financial statements.

The Group's main revenue from external customers and additions to non-current assets other than financial assets and deferred tax assets are mainly gained or located in mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERNATIONAL AND DOMESTIC SITUATION

1. General Situation

In the first half of 2021, grappling with the complicated and volatile international and domestic environment, the Chinese government has adopted precise measures to consolidate anti-pandemic efforts and fruit of economic development. Such measures contributed to the constant economic recovery, on-going rebound in production demands, positive overall market expectations, and steady and upwards economic growth. Gross domestic product (GDP) increased by 12.7% year-on-year, an average increase of 5.3% over the same period in the past two years. In the first half of 2021, the total value of imports and exports of cargo increased by 27.1% year-on-year, of which exports increased by 28.1% year-on-year, imports increased by 25.9% year-on-year, and the trade structure continued to optimize (source: National Bureau of Statistics). Since 2021, due to China's overall strong epidemic prevention and control, port production has steadily regained momentum.

2. Operation of the Port Industry

Given the headwinds from the pandemic, in the first half of 2021, cargo throughput of the coastal ports in China increased by 10.3% as compared with the same period in the prior year, while container throughput increased by 14.0% as compared with the same period in the prior year (source: Ministry of Transport of the PRC). In the first half of 2021, the Port of Qingdao ranked fourth and fifth among the national coastal ports in terms of cargo throughput and container throughput, respectively, and it continued to rank second among the coastal ports of China and first among northern ports of China in terms of foreign trade throughput (source: Ministry of Transport of the PRC).

II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP

1. Overall Review

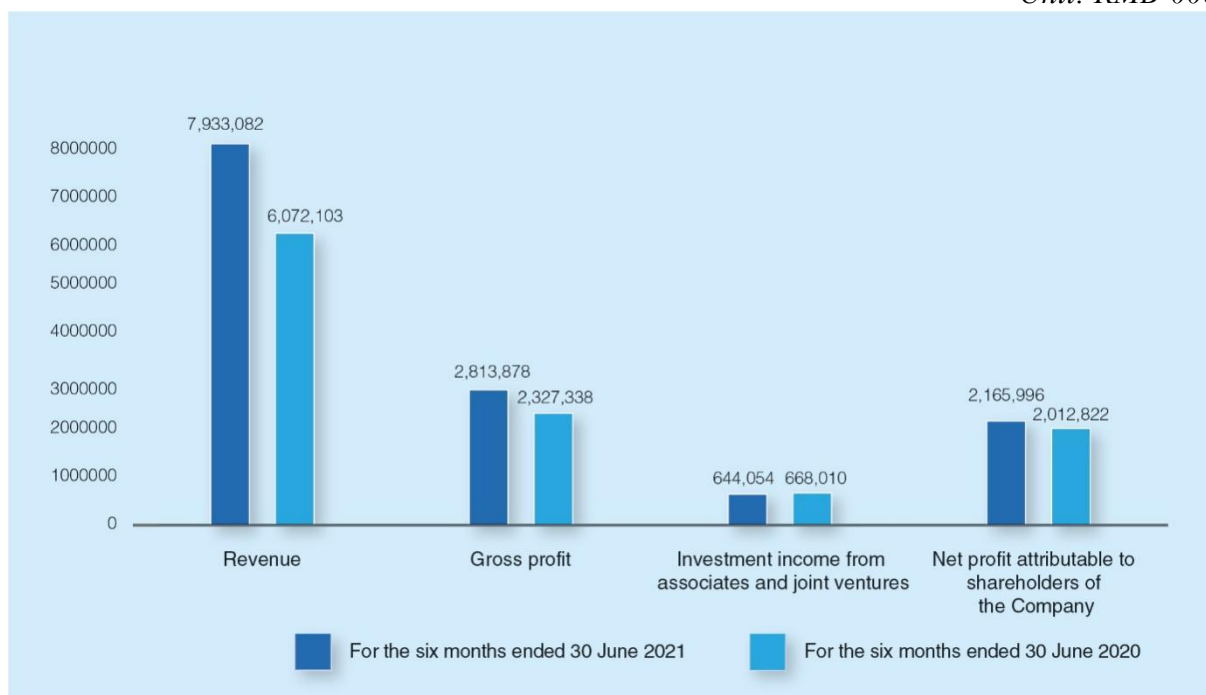
Since 2021, the Group has been proactively addressing the latest status and changes in the port and shipping market in the post-pandemic era. It adheres to expansions in both sea and land operations. For the former, the Group increased shipping lines, expanded container shipping capacity and transit business, propelled the overtime operation of vessels, and collected empty containers. For the latter, the Group enhanced efforts in expanding inland market, and cooperated with railway operators to expand cargo sources, which effectively guaranteed the industry chain and supply chain in the hinterland, maintained steady growth in operating performance and further improved the port's radiation capacity, thus, the Group's position as the "estuary" of the Yellow River basin and a "bridgehead" in opening up has been further cemented. Meanwhile, striving to grow into a hub port and trade port, the Group proactively expanded its international and domestic transit business, and tapped into comprehensive port service capacities and resources advantages to provide customers with various supply chain value-added services, forge a new port and shipping ecosystem with a focus on port, and further bolster the influence of the port industry and enhance its hub status.

For the six months ended 30 June 2021, cargo throughput of the Group (without taking into account the respective shareholding percentages the Company holds in its joint ventures and associates) reached 287.49 million tons, representing an increase of 9.3% as compared with the same period in the prior year and an average increase of 6.8% as compared with the same period in the past two years, among which, container throughput amounted to 11.66 million TEUs, representing an increase of 12.8% as compared with the same period in the prior year and an average increase of 6.6% over the same periods in the past two years.

The details were as follows :

Comparison of Major Operating Indicators

Unit: RMB'000



For the six months ended 30 June 2021, the Group recorded a revenue of RMB7,933 million, representing an increase of RMB1,861 million, or 30.6%, as compared to the same period in the prior year, mainly due to the increase in the revenue from the logistics and port value-added services segment, liquid bulk handling and ancillary services segment and metal ore, coal and other cargo handling and ancillary services segment.

For the six months ended 30 June 2021, the Group recorded a gross profit of RMB2,814 million, representing an increase of RMB487 million, or 20.9%, as compared to the same period in the prior year, mainly due to the increase in the gross profit from the liquid bulk handling and ancillary services segment and metal ore, coal and other cargo handling and ancillary services segment.

For the six months ended 30 June 2021, the Group's investment income from joint ventures and associates amounted to RMB644 million, representing a decrease of RMB24 million, or 3.6%, as compared to the same period in the prior year, mainly due to the decrease in the investment income from the container handling and ancillary services segment.

For the six months ended 30 June 2021, the administrative expenses of the Group was RMB369 million, representing an increase of RMB149 million, or 67.6%, as compared to the same period in the prior year, mainly due to the increase of labor cost caused by implementing the welfare policy of supplementary medical insurance for employees, and suspension of concession policies for social security contributions which is enjoyed by the Group in the same period in the prior year.

For the six months ended 30 June 2021 the Group recorded a net profit attributable to shareholders of the Company of RMB2,166 million, representing an increase of RMB153million, or 7.6%, as compared to the same period in the prior year.

2. Segment Review

The business segment results (total profit) of the Group are listed as follows:

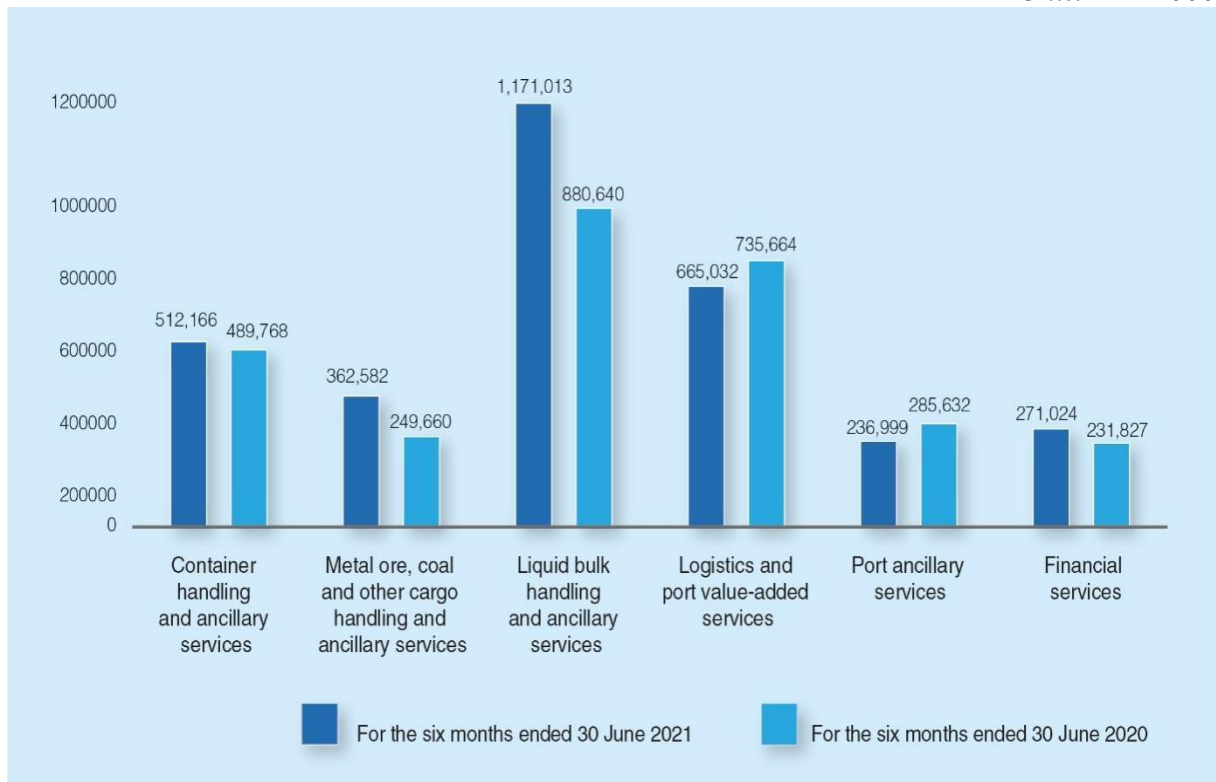
Proportion of Each Business Segment Results

Unit: RMB'000

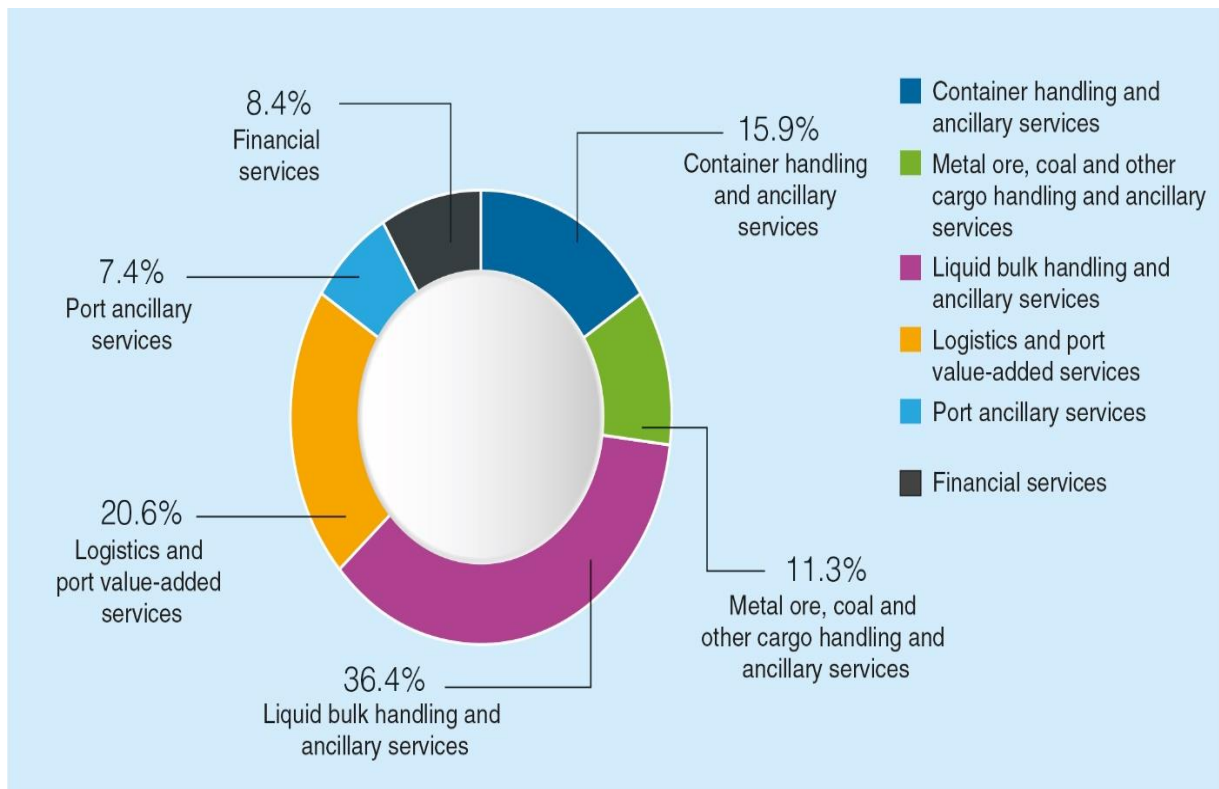
Business Segments	For the six months ended 30 June				
	2021		2020		Change
	Amount	Proportion	Amount	Proportion	
Container handling and ancillary services	512,166	15.9%	489,768	17.1%	4.6%
Metal ore, coal and other cargo handling and ancillary services	362,582	11.3%	249,660	8.7%	45.2%
Liquid bulk handling and ancillary services	1,171,013	36.4%	880,640	30.7%	33.0%
Logistics and port value-added services	665,032	20.6%	735,664	25.6%	-9.6%
Port ancillary services	236,999	7.4%	285,632	9.9%	-17.0%
Financial services	271,024	8.4%	231,827	8.1%	16.9%
Total results before inter-segment elimination	3,218,816	100.0%	2,873,191	100.0%	12.0%

Comparison of Each Business Segment Results

Unit: RMB'000



Breakdown of each business segment for the six months ended 30 June 2021



The business segment results are specifically as follows:

(1) **Container handling and ancillary services**

Unit: RMB'000

Item	For the six months ended 30 June		Changed amount	Changed percentage
	2021	2020		
Consolidated Group Companies				
Revenue	152,116	92,564	59,552	64.3%
Cost of sales	41,177	34,879	6,298	18.1%
Gross profit	110,939	57,685	53,254	92.3%
Profit of Consolidated Group Companies	88,770	37,727	51,043	135.3%
Joint Ventures				
Revenue	2,207,115	1,990,328	216,787	10.9%
Cost of sales	906,225	727,400	178,825	24.6%
Investment income from joint ventures	423,396	452,041	-28,645	-6.3%
Segment result	512,166	489,768	22,398	4.6%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as QQCT, Qingwei Container and others, without taking into account the respective shareholding percentages the Company has in those joint ventures.

For the six months ended 30 June 2021, the Group proactively endeavored to introduce more shipping lines, expanded international transshipment channel and constantly enhanced its business environment to accelerate the construction of the “International Hub Port in Northeast Asia”. The main breakthroughs achieved were as follows:

- a. The Group exerted continuous efforts to promote the headquarters marketing strategy for shipping companies, attracted shipping companies to increase shipping routes, opened up 15 new container routes and recorded a year-on-year increase of 15% in transit shipment volume. The Group continued to expand the development pattern of combining main and branch line networks and accelerate the transformation and upgrading from a portal port to a hub port. In view of the surge in international shipping demands and tight shipping space caused by the pandemic, the Group proactively negotiated and cooperated with shipping companies to open additional vessels and operate more than 180 additional shipping trips in the first half of the year; and
- b. The Group collaborated with the customs authorities to launch the new model of rapid inspection and release of inbound empty containers, in an endeavor to guarantee empty container reserve at the port and the demands of enterprises for timely use of containers. In the first half of 2021, the Group recorded a year-on-year increase of 5 % in stevedoring empty containers, which effectively guaranteed container-based export demands of enterprises.

For the six months ended 30 June 2021, the revenue of container handling and ancillary services was RMB152 million, representing an increase of RMB60 million, or 64.3%, as compared with the same period in the prior year. The segment recorded results of RMB512 million, representing an increase of RMB22 million, or 4.6%, as compared with the same period in the prior year, mainly due to an increase in container business during the current period and an increase in revenue from the previous year as the Group reduced port dues on cargo for customers amid the COVID-19 pandemic last year. The investment income from joint ventures amounted to RMB423 million, representing a decrease of RMB29 million as compared with the same period in the prior year, mainly attributable to the salary increase of employees in the joint ventures and growth in labour costs as compared with the same period in the prior year when the joint ventures were entitled to concession policies for social security contributions.

The financial information of the major joint venture QQCT in this business segment was summarized as follows

Item	Unit: RMB'000	
	QQCT	
	For the six months ended 30 June	
	2021	2020
Revenue	2,119,238.71	1,900,030.18
Cost of sales	852,910.53	671,128.79
Investment income	25,802.53	47,004.56
Total profit	1,121,957.23	1,170,033.36
Income tax expenses	285,481.68	280,456.93
Net profit attributable to shareholders of the joint venture	829,585.13	884,310.70
Shareholding percentage held by the Company	51%	51%
Investment income of the Group	417,076.94	444,071.39

(2) Metal ore, coal and other cargo handling and ancillary services

Unit: RMB'000

	For the six months ended 30 June			
Item	2021	2020	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	1,906,935	1,493,553	413,382	27.7%
Cost of sales	1,392,906	1,163,028	229,878	19.8%
Gross profit	514,029	330,525	183,504	55.5%
Profit of Consolidated Group Companies	369,231	241,566	127,665	52.8%
Joint Ventures				
Revenue	919,195	837,072	82,123	9.8%
Cost of sales	811,528	718,328	93,200	13.0%
Investment income from joint ventures	-6,649	8,094	-14,743	-182.1%
Segment result	362,582	249,660	112,922	45.2%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as QDOT and West United without taking into account the respective shareholding percentages the Company has in those joint ventures.

For the six months ended 30 June 2021, the Group innovated marketing approaches, conducted in-depth strategic cooperation with key customers, extended its whole-process logistic and value-added services, and proactively expanded new hinterland markets. The main breakthroughs achieved were as follows:

- a. the Group leveraged joint marketing to expand the dry cargo supply chain ecosystem, opened up the upstream and downstream business chains through collaboration among the port, traders and steel mills, and achieved a year-on-year increase of 9% in trade ore in the first half of 2021;
- b. the Group deepened strategic cooperation with global renowned steel mills to build up the international ore transit network and distribution hub in Northeast Asia and recorded a year-on-year increase of 67% in international transfer volume of iron ore in the first half of 2021; and
- c. in the first half of 2021, the Group achieved an increase in cargo sources through innovative business model. It successfully completed international transfer of raw ore of Vale of Brazil, embarked on the bonding and ore sieving and mixing business for 190,000 tons of ore, the first of its kind in China, and launched 200,000 tons of ore mixing business of Rio Tinto, which became the second world-class mine to commence ore mixing business in the Group following Vale of Brazil.

For the six months ended 30 June 2021, metal ore, coal and other cargo handling and ancillary services recorded revenue of RMB1,907 million, representing an increase of RMB413 million, or 27.7%, as compared with the same period in the prior year, mainly due to the revenue increase from the loading and unloading of grain, coke, steel and other cargos, cargo storage and whole process logistics transportation business. The segment recorded revenue of RMB363 million, representing an increase of RMB113 million, or 45.2%, as compared with the same period in the prior year, mainly due to an increase in the profit of loading and unloading of coke, grain and other cargos and cargo storage business of Consolidated Group Companies.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

	For the six months ended 30 June			
Item	2021	2020	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	1,663,445	1,037,666	625,779	60.3%
Cost of sales	541,789	234,046	307,743	131.5%
Gross profit	1,121,656	803,620	318,036	39.6%
Profit of Consolidated Group Companies	989,632	710,494	279,138	39.3%
Joint Ventures				
Revenue	814,509	798,129	16,380	2.1%
Cost of sales	273,593	319,729	-46,136	-14.4%
Investment income from joint ventures	181,381	170,146	11,235	6.6%
Segment result	1,171,013	880,640	290,373	33.0%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as Qingdao Shihua and Haiwan Liquid Chemical without taking into account the shareholding percentage of the Company has in those joint ventures.

For the six months ended 30 June 2021, the Group continued to improve the efficiency of terminals, storage tanks and oil pipelines, enrich business formats and accelerated the construction of the northern fuel supply base for vessels. The main breakthroughs achieved were as follows:

- a. the Group's first berthing refueling business was successfully put into operation and recorded a year-on-year increase of 52.8% in the stevedoring volume of fuel for vessels in the first half of 2021; and
- b. the Dongjiakou Mercuria warehousing area was approved as the designated delivery warehouse of 1 million m³ of crude oil futures, and the delivery warehouse of 150,000 tons of low-sulphur fuel oil futures was successfully completed in June 2021.

For the six months ended 30 June 2021, liquid bulk handling and ancillary services business recorded revenue of RMB1,663 million, representing an increase of RMB626 million, or 60.3%, as compared with the same period in the prior year, primarily due to the fact that the Group vigorously developed stevedoring and transportation business of liquid bulk cargo and increased production capacity of Dongjiakou Port-Weifang-Central and Northern Shandong branch oil pipeline and ancillary storage tanks, and generated more revenue from loading, unloading, pipeline transmission and storage business. Segment results reached RMB1,171 million, representing an increase of RMB290 million, or 33.0%, as compared with the same period in the prior year, mainly due to the increase in crude oil stevedoring, transmission and storage capacity.

The financial information of the major subordinate companies in this business segment was summarized as follows:

Item	<i>Unit: RMB'000</i>					
	Qingdao Shihua		Mercuria Oil Terminal		Shandong Port Lianhua	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020	2021	2020
Revenue	781,637.13	774,390.60	280,883.98	226,432.99	868,722.86	800,433.16
Cost of sales	251,806.00	303,957.90	121,220.35	126,065.94	223,214.89	166,413.82
Net profit	361,459.40	331,930.95	89,614.08	53,482.22	458,799.13	432,052.93
Shareholding percentage held by the Company	50%	50%	71%	71%	51%	51%
Investment income of the Group	183,059.56	168,423.46	—	—	—	—

(4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June		Changed amount	Changed percentage
	2021	2020		
Consolidated Group Companies				
Revenue	2,990,533	2,184,895	805,638	36.9%
Cost of sales	2,264,442	1,439,044	825,398	57.4%
Gross profit	726,091	745,851	-19,760	-2.6%
Profit of Consolidated Group Companies	633,412	699,983	-66,571	-9.5%
Joint ventures and associates				
Revenue	314,459	364,646	-50,187	-13.8%
Cost of sales	236,239	274,665	-38,426	-14.0%
Investment income from joint ventures and associates	31,620	35,681	-4,061	-11.4%
Segment result	665,032	735,664	-70,632	-9.6%

Note: Amount of revenue and cost of sales of joint ventures and associates represents the total amount of revenue and cost of sales in the financial information of joint ventures and associates of the Company providing logistics and port value-added services, without taking into account the respective shareholding percentages the Company has in those joint ventures and associates.

For the six months ended 30 June 2021, the Group vigorously developed its modern logistics business, continued to improve port functions, firmly promoted the deep integration of “terminal + logistics”, accelerated the construction of a value-added service system incorporating services such as terminal stevedoring, transportation, CFS, agency, bonded warehouse, storage and inspection, and expanded its modern logistics industry clusters. The main breakthroughs achieved were as follows:

- a. the Group continued to strengthen the layout of inland ports and sea-rail intermodal transport and pushed forward promotion in inland areas. In the first half of 2021, the Group opened seven new lines, and the volume of sea-rail intermodal transportation increased by 8% year-on-year;
- b. the Group seized shipping business opportunities, fully tapped into the advantages of Qingdao Port's role as a major port for international and domestic round-trip foreign trade, and improved the distribution service network of Qingdao Port to the Yangtze River and Bohai Bay by waterway to effectively integrate shipping, cargo and port resources, thereby enhancing the competitiveness of waterway ore transport;
- c. the Group leveraged the turning point of international pandemic dynamics, proactively explored the supply of shipping companies, and promoted resources sharing at CFS in an orderly manner. In the first half of 2021, the Group achieved operation volume of 1.515 million TEUs, representing a year-on-year increase of 19.2%; and

- d. the Group kept a close eye on the new and adjusted routes of shipping companies, and completed 855 liner agency trips in the first half of 2021, representing a year-on-year increase of 9.5%.

For the six months ended 30 June 2021, the revenue of logistics and port value-added services business amounted to RMB2,991 million, representing an increase of RMB806 million, or 36.9%, as compared with the same period in the prior year, mainly due to the increase in business volume of agency and CFS during the period. The segment recorded results of RMB665 million, representing a decrease of RMB71 million, or 9.6%, as compared with the same period in the prior year, mainly due to factors including the implementation supplementary medical welfare policies for staff, increase in staff salary and suspension of concession policies for social security contributions, resulting in an increase in labour costs, as well as the increase in the scale of business and receivables, resulting in an increase in provision for credit impairment.

(5) Port ancillary services

Unit: RMB'000

	For the six months ended 30 June			
Item	2021	2020	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	1,220,053	1,259,522	-39,469	-3.1%
Cost of sales	878,890	873,420	5,470	0.6%
Gross profit	341,163	386,102	-44,939	-11.6%
Profit of Consolidated Group Companies	236,524	285,317	-48,793	-17.1%
A joint venture				
Revenue	34,481	1,763	32,718	1855.8%
Cost of sales	29,901	1,400	28,501	2035.8%
Investment income from a joint venture	475	315	160	50.8%
Segment result	236,999	285,632	-48,633	-17.0%

Note: Amounts of revenue and cost of sales of a joint venture represent the amount of those in the financial statement of Ocean Bridge International Ports Management Co., Ltd. (海路國際港口運營管理有限公司), without taking into account the shareholding percentage held by the Company in the joint venture.

For the six months ended 30 June 2021, the revenue of port ancillary services amounted to RMB1,220 million, representing a decrease of RMB39 million, or 3.1% as compared with the same period in the prior year. The segment recorded results of RMB237 million, representing a decrease of RMB49 million, or 17.0%, as compared with the same period in the prior year, mainly due to the decrease in business including engineering construction and construction of

port machinery with the gradual completion of construction works of joint ventures for port facilities in the port area, as well as the implementation of supplementary medical welfare and early retirement policies, resulting in an increase in labour costs during the period.

(6) Financial services

Unit: RMB'000

		For the six months ended 30 June			
Item		2021	2020	Changed amount	Changed percentage
Consolidated Group Companies					
Revenue		183,654	154,348	29,306	19.0%
Cost of sales		37,274	31,695	5,579	17.6%
Gross profit		146,380	122,653	23,727	19.3%
Profit of Consolidated Group Companies		264,525	225,536	38,989	17.3%
An Associate					
Revenue		361,417	404,878	-43,461	-10.7%
Cost of sales		186,046	170,743	15,303	9.0%
Investment income from an associate		6,499	6,291	208	3.3%
Segment result		271,024	231,827	39,197	16.9%

Note: Amounts of revenue and cost of sales of an associate represent the amount of those in the financial statement of Qingdao Qingyin Financial Leasing Co., Ltd. (青島青銀金融租賃有限公司), without taking into account of the shareholding percentage held by the Company in the associate.

The Group innovated in finance and capital service functions and continuously developed new types of business initiatives to meet the diversified financing needs of its member units. The Group optimized its business structure, appropriately reduced the investment proportion of medium and high-risk products, increased the investment proportion of standard products, diversified investment risks, and deepened the integration of industry and finance to provide upstream customers with financing services so as to increase customer stickiness and achieve the transformation from a scale-efficient development mode to a high-quality development mode.

For the six months ended 30 June 2021, financial services recorded segment results of RMB271 million, representing an increase of RMB39 million, or 16.9%, as compared with the same period in the prior year, among which, the profit of Consolidated Group Companies was RMB265 million, representing an increase of RMB39 million, or 17.3%, as compared with the same period in the prior year, mainly due to the increase in total deposits received from and loans granted to members units by Qingdao Finance, resulting in an increase in profit from loan business.

To facilitate the understanding of shareholders and investors of the Company, set out below is a summary of the influence on certain items of the consolidated balance sheet and consolidated income statement of the Group caused by the business of absorbing deposit and granting loans business of Qingdao Finance.

Unit: RMB'000

Balance sheet	Nature	30 June 2021	31 December 2020
Other receivables	Granting short-term loans	828,820	1,442,375
Current portion of non-current assets	Current portion of long-term loans	557,552	59,128
Long-term receivables	Granting long-term loans	2,771,260	3,308,405
Other payables	Absorbing deposit	(4,879,792)	(6,368,517)

Unit: RMB'000

Income statement	Nature	For the six months ended 30 June	
		2021	2020
Finance expenses	Interest income		
– interest income	– granting loans	183,547	150,378
Finance expenses	Interest expenses		
– interest expenses	– absorbing deposit	(37,274)	(31,346)

3. Financial Position Analysis

Unit: RMB'000

Item	As at 30 June 2021	As at 31 December 2020	Changed amount	Changed percentage
Financial assets held for trading	2,216,790	1,121,813	1,094,977	97.6%
Current portion of non-current assets	557,552	59,128	498,424	843.0%
Other current assets	1,073,295	3,100,048	-2,026,753	-65.4%
Assets held for sale	1,258,015	-	1,258,015	100%
Short-term borrowings	1,045,206	135,133	910,073	673.5%
Current portion of non-current liabilities	192,136	2,288,917	-2,096,781	-91.6%

As at 30 June 2021, the Group's financial assets held for trading increased by RMB1,095 million, or 97.6%, as compared to the beginning of this year, mainly due to the increase of RMB985 million in structured deposits.

As at 30 June 2021, the Group's current portion of non-current assets increased by RMB498 million, or 843.0%, as compared to the beginning of this year, mainly due to the increase in current portion of medium and long-term loans and financial leasing payments of Qingdao Finance.

As at 30 June 2021, the Group's other current assets decreased by RMB2,027 million, or 65.4%, as compared to the beginning of this year, mainly due to the decrease of RMB1,581 million in interbank certificates of deposit and the decrease of RMB400 million in financial assets purchased under resale agreements by Qingdao Finance.

As at 30 June 2021, the Group's held for sale assets increases by RMB1,258 million, as compared to the beginning of this year, mainly due to the proposed transfer of the Group's three subsidiaries upon approval of the Board on 28 June 2021. As at 30 June 2021, such transfers of equity have not been completed.

As at 30 June 2021, the Group's short-term borrowings increased by RMB910 million, or 673.5%, as compared to the beginning of this year, mainly due to the increase in demand of the fund for procurement agent business and the increase of RMB908 million in short-term borrowings.

As at 30 June 2021, the Group's current portion of non-current liabilities decreased by RMB2,097 million, or 91.6%, as compared to the beginning of this year, mainly due to the current portion of bonds payable cashed during the period.

4. Cash Flow Analysis

For the six months ended 30 June 2021, the Group's net cash outflow amounted to RMB1,592 million, among which:

- (1) The net cash inflow from operating activities amounted to RMB468 million, which was mainly derived from the operating profit of the Consolidated Group Companies;
- (2) The net cash inflow from investing activities amounted to RMB1,052 million, which mainly comprised of the net inflow of RMB1,095 million arising from the recovery of wealth management products and fixed term deposit, the net inflow of RMB657 million arising from the provision of loans and financial leasing to member units, the net inflow of RMB226 million arising from the interests of external loans and purchase of wealth management products, and the net outflow of RMB840 million arising from the purchase and construction of fixed assets and construction in progress; and recovery of RMB83 million statutory deposit reserve by Qingdao Finance; and

- (3) The net cash outflow from financing activities amounted to RMB3,103 million, which mainly comprised of net cash outflow of RMB2,174 million arising from the repayment of payable bonds and interests, the net inflow of RMB986 million arising from the short-term borrowings, the net outflow of RMB1,541 million arising from deposits-absorbing business of Qingdao Finance, the cash outflow of RMB77 million arising from the payment of interests, the net outflow of RMB73 million arising from the distribution of dividends for subsidiaries.

In order to facilitate the understanding of shareholders of the Company and investors, after eliminating the impact of Qingdao Finance as well as the Group's purchase of financial investment products and the recovery of fixed term deposits with an initial term over three months on the cash flow, the net cash outflow of the Group amounted to RMB1,886 million.

5. Liquidity and Financial Resources

As at 30 June 2021, the Group's cash at bank and on hand amounted to RMB6,658 million and financial products including interbank deposits amounted to RMB3,590 million. After eliminating the impact of the deposit and loan business of Qingdao Finance, the self-owned cash at bank and on hand and financial products of the Group amounted to RMB9,613 million. After eliminating the impact of Qingdao Finance, the Group's total interest-bearing borrowings amounted to RMB1,168 million, among which, borrowings at fixed interest rates amounted to RMB1,042 million and borrowings at floating interest rates amounted to RMB126 million. The Group continued to optimize its financial policies to ensure continuous operation with best capital structure to provide favorable returns for the shareholders of the Company.

As at 30 June 2021, the gearing ratio of the Group was 4%. After eliminating the impact of Qingdao Finance, the amount of the Group's cash at bank and on hand exceeded its interest-bearing borrowings.

6. Capital Structure

As at 30 June 2021, the total shareholders' equity of the Group amounted to RMB37,440 million, representing an increase of RMB700 million as compared to the beginning of this year, among which, the equity interest attributable to the shareholders of the Company increased by RMB439 million and the equity interest of minority shareholders increased by RMB261 million. The increase in the equity interest attributable to the shareholders of the Company was mainly due to the increase of RMB2,166 million in operating profit for the current period and the decrease of RMB1,702 million in declared dividends for the year 2020.

As at 30 June 2021, the Company had 6,491,100,000 issued shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares, representing 83.07% and 16.93% of the total issued shares of the Company, respectively. The A share market capitalization and H share market capitalization of the Company were RMB33,323 million and HK\$4,704 million, respectively, which were calculated based on the closing price of RMB6.18 per share on the Shanghai Stock Exchange and the closing price of HK\$4.28 per share on the Hong Kong Stock Exchange as at 30 June 2021.

7. Interest Rate and Exchange Rate Risks

As at 30 June 2021, cash at bank and on hand, receivables, payables and external bank borrowings of the Group which were calculated at floating rates amounted to RMB5,213 million, RMB2,701 million, RMB4,776 million and RMB126 million, respectively. The Group assessed the interest rate risk and anticipated that interest rate fluctuation would have no material impact on the Group.

The Group's main business activities are conducted in the PRC and settled mainly in RMB. As at 30 June 2021, the Group's USD deposits were approximately US\$127 million, and changes in exchange rates do not have material impact on the Group. The Group will continue to closely monitor interest rate and exchange rate risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rate risks for the six months ended 30 June 2021.

8. Financial Indicators

Indicators	For the six months ended 30 June		Change (+/-)
	2021	2020	
Return on total assets	4.4%	4.3%	+0.1 percentage point
Weighted average return on net assets	6.4%	6.5%	-0.1 percentage point
Interest coverage ratio	38.93	30.11	+8.82 times
Current ratio	1.28	1.29	-0.01
Quick ratio	1.25	1.27	-0.02

For the six months ended 30 June 2021, the return on total assets of the Group was 4.4%, representing an increase of 0.1 percentage point as compared to the same period in the prior year, mainly due to the increase of RMB274 million in the total profit as compared to the same period in the prior year; the weighted average return on net assets was 6.4%, representing a decrease of 0.1 percentage point as compared to the same period in the prior year. The interest coverage ratio of the Group was 38.93 times, representing an increase of 8.82 times as compared to the same period in the prior year, mainly due to the payment of bonds payable, the decrease in interest expense as compared to the same period in the prior year and the increase in profit before interest and tax. The current ratio of the Group was 1.28, representing a decrease of 0.01 as compared to the same period in the previous year, and the quick ratio of the Group was 1.25, representing a decrease of 0.02 as compared to the same period in the previous year.

III. CAPITAL INVESTMENT

For the six months ended 30 June 2021, the significant investment of the Group was RMB620 million, mainly used for the Dongjiakou Port – Weifang – Central and Northern Shandong oil pipeline and the auxiliary tanks construction project, Dongjiakou crude oil terminal Phase II project, Dongjiakou crude oil commercial reserve tanks project, and Dongjiakou port area bulk cargo berths and stacking yard projects and other projects.

IV. SIGNIFICANT ENTRUSTED WEALTH MANAGEMENT

As at 30 June 2021, the details of the Group's major entrusted wealth management were as follows:

Unit: RMB'000

Trustee	Product Type	Balance	Value Date	Due Date	Expected Annualized Rate of Return	Source of Funds
Bank of Communications Co., Ltd.	Structured deposit	800,000	2021/1/22	2021/7/21	3.00%	Raised funds
Xiamen Bank Co., Ltd.	Wealth management products	200,000	2021/6/2	Redeemable at any time	Floating	Self-owned capital

Note: The above listed is the entrusted wealth management with a single investment amount of reaching and more than RMB200 million.

V. SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

On 10 May 2021, the Company entered into equity transfer agreements with Haiye Petroleum and Yiruiyuan Trading, and proposed to acquire 40.8% and 10.2% equity interests in Haiye Oil Terminal held by Haiye Petroleum and Yiruiyuan Trading, respectively. The transaction considerations were RMB1,047,614,256 and RMB261,903,564, respectively. As at 30 June 2021, the project is under the concentration review by the State Administration for Market Regulation, and the transactions have not been completed. For details, please refer to the announcement of the Company dated 10 May 2021. As at the date of this announcement, the Company has paid RMB261,903,564, representing 20% of the total consideration as deposit as per the stipulations in the agreements. The unpaid amount of investment is RMB1,047,614,256.

On 28 June 2021, (i) the Company, Harbour Engineering and Qingdao Port Engineering entered into the Qingdao Port Engineering Share Transfer Agreement, and (ii) the Company, Harbour Engineering and Rizhao Port Group entered into the Harbour Engineering Capital Increase Agreement, pursuant to which, the Company agreed to make a capital contribution of RMB183,487.8 thousand to Harbour Engineering by transferring 51% equity interests in Qingdao Port Engineering to Harbour Engineering in exchange for 9.62% of the enlarged share capital in Harbour Engineering. As at 30 June 2021, the project has not yet completed the change of industrial and commercial registration. For details, please refer to the announcement of the Company dated 28 June 2021.

On 28 June 2021, (i) the Company, Shipping Group and Tongbao Shipping entered into the Tongbao Shipping Share Transfer Agreement, and (ii) the Company, Shandong Port Group and Shipping Group entered into the Shipping Group Capital Increase Agreement, pursuant to which, the Company agreed to make a capital contribution of RMB36,656.0 thousand to Shipping Group by transferring 100% equity interests in Tongbao Shipping to Shipping Group in exchange for 11.02% of the enlarged share capital in Shipping Group. As at 30 June 2021, the project has not yet completed the change of industrial and commercial registration. For details, please refer to the announcement of the Company dated 28 June 2021.

On 28 June 2021, the Company, Shandong Port Technology and Qingdao Port Technology entered into the Qingdao Port Technology Capital Increase Agreement, pursuant to which, Shandong Port Technology agreed to make a capital contribution in cash of RMB52,842.245 thousand to Qingdao Port Technology, among which RMB20,816.326 thousand as registered capital, representing 51% of the enlarged share capital in Qingdao Port Technology, and RMB32,025.919 thousand as capital reserves. For details, please refer to the announcement of the Company dated 28 June 2021. As at 16 July 2021, Qingdao Port Technology has completed the filing with the changed name of Shandong Port Technology Group Qingdao Co., Ltd. at the industrial and commercial registration administration. The Company and Shandong Port Technology hold 49% and 51% of the equity interests of Qingdao Port Technology, respectively.

VI. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2021, none of the Group's assets was mortgaged or pledged.

VII. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities.

VIII. EMPLOYEES

As at 30 June 2021, the Company had 3,937 employees while the principal subsidiaries of the Company had 4,755 employees. The Group implements a “two matches” principle to match the revenue growth with the Company’s operation and development, and to match the growth of labor’s remuneration with the increase of labor productivity. The Group links the salaries with the performance results, and the employees’ salaries or its measuring units are adjusted annually in accordance with the employees’ working performance, human resources market condition and the economic environment. The Group basically implements a basic salary plus a performance-based salary system for our senior management. In addition, to actively establish a learning enterprise and cultivate employees with active learning, the Group offers internal trainings on safety and security, business operations and technical skills to the employees to improve their skills related to their positions.

IX. DESCRIPTION OF OTHER OPERATING MATTERS

As the Company plans to transform and upgrade Dagang Port Area into an international port for cruise liners, the business of Dagang Port Area will be gradually relocated to Dongjiakou Port Area and Qianwan Port Area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As at 30 June 2021, the construction of international port for cruise liners had no effect on the main business of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2021, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area was not affected.

X. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 30 June 2021.

XI. OUTLOOK FOR THE SECOND HALF OF 2021

In the second half of 2021, notwithstanding the fluid and complicated global pandemic dynamics and unstable external environment with heightened uncertainties, the recovery trend of the global economy is expected to continue with sustained rebound in overseas demand. As China diligently adheres to its new development philosophy and creates a new development landscape to push forward quality development, steadfastly pursues

stable growth and structural adjustments, and continues to maintain support for the real economy through macro policies, the stable and improving trend is expected to remain in general, it is expected that the capacity of domestic imports and exports will see a stable and improving situation in the second half of 2021. Meanwhile, empowered by a combination of policies related to the Shandong Free Trade Zone, RCEP Pilot Demonstration Zone and SCODA, the Group will embrace opportunities and face challenges in its business development. It will aim at accelerating “the construction of a world-class marine port”, seize policy benefits, continue to advance reforms and stay focused on results to create greater value for shareholders and society.

Firstly, the Group will continuously improve its operating performance. It will focus on the three key areas of terminal stevedoring, business format innovation and port area industries to promote enhancements through synergy and advance mutual benefits through cooperation, so as to promote the burst of development vitality. The Group will develop premium routes, expand the scale of transit business and accelerate the construction of an empty container allocation hub in Northeast Asia. It will focus on the northern consumer goods distribution hub to create a cold chain express shipping cluster. The Group will focus on the construction of the Northern China International Fuel and Gas Centre to vigorously develop bonded fuel supply business for vessels and expand the scale of bonded crude oil blending business. It will seize opportunities arising from the establishment of the Shandong Commodity Trading Platform to strongly develop business such as crude oil, ore, paper pulp, rubber and cotton, and create a key hub for connecting global commodity industry chains.

Secondly, the Group will continuously increase its development potential. It will accelerate the construction of an intelligent port, push forward the advancement of key research projects in full swing, expand the scenarios for smart applications, advance the construction of infrastructure facilities including dedicated 5G networks and Internet of Things, and promote digital port transformation. The Group will push forward “carbon peak and carbon neutrality” initiatives by expanding the scope of using clean energy, such as hydrogen and LNG, and establishing a clean and low-carbon energy consumption system for the port. It will accelerate the construction of key projects including liquid chemical terminals, multi-purpose berths and grain silos in Dongjiakou Port Area to further boost port handling capacity.

Thirdly, the Group will continuously promote management efficiency. It will enhance the internal control operation system, improve essential safety management standards, fortify epidemic prevention measures and reduce operation risks. The Group will improve its modern corporate governance system for more standard and refined management. It will innovate human-oriented management and expand career development channels for employees to build a young and professional management team, an elite and high-end technical team, and a skilled and efficient industry worker team.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value.

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules for the six months ended 30 June 2021.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code of Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for securities transactions by Directors and Supervisors. Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code for the six months ended 30 June 2021.

REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

No purchase, sale and redemption of any listed securities of the Company were made by the Company or any of its subsidiaries for the six months ended 30 June 2021.

CHANGES AND TERMINATION OF USE OF PROCEEDS FOR INVESTMENT PROJECTS OF A SHARE OFFERING

The Company completed its initial public offering of RMB denominated ordinary shares (A shares) of 454,376,000 shares with a nominal value RMB1.00 per share and was listed on the Shanghai Stock Exchange on 21 January 2019, with the net amount of proceeds of approximately RMB1,978.93 million.

Details of the use of proceeds were as follows:

	<i>Unit: RMB'000</i>
Investment Projects for Use of Proceeds	Net Amount of Proceeds
Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project	-
Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	1,000,000
Dongjiakou Integrated Logistics Stacking Yard Phase I Project	180,000
Intelligent Port Area Upgrading Project	200,000
Port Area Equipment Procurement Project	302,100
Supplementing working capital	296,830
Total	1,978,930

According to the needs of business development of the Group, upon the approval by the Board on 26 March 2020 and the annual general meeting of the Company held on 10 June 2020, the Company resolved to terminate Dongjiakou Integrated Logistics Stacking Yard Phase I Project and put the unused proceeds of RMB180 million into Port Area Equipment Procurement Project and to remove Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project from one of the investment projects for use of proceeds, continuing to build this project by self-raised funds or by means of joint ventures; upon the approval by the Board on 24 May 2021 and by the annual general meeting of the Company held on 28 June 2021, the Company resolved to invest the estimated remaining proceeds of RMB687.17 million, which was originally proposed to be used for the Multi-Purpose Berths and Ancillary Stacking Yards Project, into the Datang Terminal Phase II Project.

After the aforesaid change and termination of investment projects for use of proceeds from A share offering have completed, the details of the use of proceeds were as follows:

	<i>Unit: RMB'000</i>
Investment Projects for Use of Proceeds	Net Amount of Proceeds
The Dongjiakou Port Area Datang Terminal Phase II Project	687,170
Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	312,830
Intelligent Port Area Upgrading Project	200,000
Port Area Equipment Procurement Project	482,100
Supplementing working capital	296,830
Total	1,978,930

For further details, please refer to the announcements dated on 26 March 2020, 10 June 2020, 24 May 2021 and 28 June 2021, and the circulars dated 26 May 2020 and 27 May 2021 of the Company.

USE OF PROCEEDS

The net proceeds from the H Shares Placing of the Company in 2017 were approximately HKD1,035 million, equivalent to approximately RMB912 million, which will be used in the way as disclosed in the announcement of the Company dated 20 January 2017. As at 31 December 2020, approximately HKD574 million was carried over to this year, which is proposed to be used as funds for overseas terminal investment and acquisition by the Company and working capital for the management of overseas terminal projects by the terminal project management companies jointly established with COSCO SHIPPING Ports. Based on the actual situation of the investment projects for the use of proceeds from H Shares Placing and upon consideration and approval by the Board of the Company which completed voting on 24 May 2021 and the annual general meeting of the year held on 28 June 2021, the Company decided to use the remaining proceeds from the H Shares Placing of approximately HKD634.91 million (including accumulated interest income) for the acquisition of 51% equity interests in Haiye Oil Terminal. For the six months ended 30 June 2021, the Company did not use any H Shares Placing proceeds. The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development. As at the date of this announcement, the remaining proceeds are expected to be fully used towards the investment projects within 12 months.

The net proceeds from the Company's issuance of the Domestic Shares to Shanghai China Shipping Terminal were approximately RMB2,600 million. As at 31 December 2020, approximately RMB103 million was carried over to this year, which is proposed to be used towards the construction of the port facilities in Dongjiakou Port Area, enhancement of the modern logistics business structure of the Company, domestic terminals investment and acquisition and consolidation of the relevant port assets at the Port of Qingdao, and construction of information technology facilities of the Company. For the six months ended 30 June 2021, approximately RMB103 million of the proceeds had been used towards the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used for domestic terminals investment and acquisition. As at the date of this announcement, the remaining proceeds have been fully used by the Company.

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million. As at 31 December 2020, approximately RMB1,127

million was carried over to this year. Taking into account the actual business development and operational needs of the Group, the Company has changed the use of the net proceeds and intends to use them for projects including storage yards in Dongjiakou Port Area, Datang Terminal Phase II Project, intelligent upgrade of the port area, equipment purchase and supplementary working capital. For details, please refer to the Company's announcements dated 26 March 2020, 10 June 2020, 24 May 2021 and 28 June 2021 and circulars dated 26 May 2020 and 27 May 2021. For the six months ended 30 June 2021, approximately RMB30 million of the proceeds had been used towards the investment projects in the way as disclosed in the Company's initial public offering of A shares prospectus and the Company's announcements dated 26 March 2020 and 10 June 2020 and circular dated 26 May 2020, which was mainly used for the intelligent port area upgrading project. The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development. As at the date of this announcement, there is no detailed schedule for using the remaining proceeds.

DIVIDENDS

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2021.

PUBLICATION OF INTERIM REPORT

The interim report for the six months ended 30 June 2021 of the Company will be published on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com), and will be dispatched to shareholders of the Company in due course.

By order of the Board

Qingdao Port International Co., Ltd.

SU Jianguang

Chairman

Qingdao, the PRC, 26 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. SU Jianguang and Mr. WANG Xinze; the non-executive Directors are Mr. LI Wucheng, Mr. FENG Boming, Mr. WANG Jun and Ms. WANG Fuling; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.

Definitions

The following expressions have the meanings set out below unless the context requires otherwise:

“A Share(s)”	share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the Shanghai Stock Exchange and traded in RMB (stock code:601298)
“A Share Offering”	The Company’s public offering 454,376,000 A shares, which are listed on the Shanghai Stock Exchange
“Board”	the board of directors of Qingdao Port International Co., Ltd.
“CFS”	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
“Company”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company with limited liability established in the PRC on 15 November 2013
“Consolidated Group Companies”	the Company (including its branches) and its subsidiaries which are consolidated into in the consolidated financial statements of the Company
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1199), holding approximately 20% equity interests in the Company as at 30 June 2021
“China Shipping Terminal Development”	China Shipping Terminal Development Co., Ltd. (中海碼頭發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO Shipping Ports Development Co., Ltd.

“Datang Terminal Phase II Project”	Dongjiakou Port Area Datang Terminal Phase II Project
“Director”	the director(s) of the Company
“Domestic Shares”	the ordinary domestic share(s) of the Company with a nominal value of RMB1.00 each in the share capital of the Company, which were converted into A shares on 21 January 2019
“Group”	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associates of the Company
“H share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and are traded in Hong Kong dollar
“H Share(s) Placing”	the Company issued the 243,000,000 H shares by way of placing and has been listed on the Hong Kong Stock Exchange
“Haiwan Liquid Chemical”	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a company established in the PRC with limited liability and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Haiye Oil Terminal”	Qingdao Haiye Oil Terminal Co., Ltd.* (青島海業油碼頭有限公司), a company established in the PRC with limited liability in which the Company didn’t hold any equity interests as at 30 June 2021, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Haiye Petroleum”	Qingdao Haiye Petroleum Co., Ltd.* (青島海業石油有限公司), a company established in the PRC with limited liability and one of the Vendors to the transactions in relation to the acquisition of 51% equity interests in Haiye Oil Terminal
“Harbour Engineer”	Shandong Harbour Engineering Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Rizhao Port Group as at 30 June 2021
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong 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
“LNG”	liquefied natural gas
“Mercuria Oil Terminal”	Qingdao Haiye Mercuria Oil Terminal Co., Ltd. (青島海業摩科瑞倉儲有限公司), a company established in the PRC with limited liability and a subsidiary in which the Company holds 71% equity interests, which is mainly engaged in terminal stevedoring and warehousing services of liquid bulk
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“Multi-Purpose Berths and Ancillary Stacking Yards Project”	Project of Qingdao Port Investment Multi-Purpose Berths and North Jetty II Rear Ancillary Stacking Yards in Dongjiakou Port Area
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“QDOT”	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
“QDP”	Shandong Port Qingdao Port Group Co., Ltd. (山東港口青島港集團有限公司), which was changed the name on 2 August 2021 and formerly known as Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司), the controlling shareholder of the Company, holding approximately 55.5% equity interests in the Company as at 30 June 2021
“Qingdao Port Engineering”	Qingdao Port (Group) Engineering Co., Ltd. (青島港(集團)港務工程有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at 30 June 2021, which is mainly engaged in the business of construction engineering, architectural decoration and engineering design services

“Qingdao Finance”	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its member companies
“Qingdao Port Technology”	Shandong Port Technology Group Qingdao Co., Ltd. (山東港口科技集團青島有限公司 which was renamed on 16 July 2021 and formerly known as Qingdao Port Technology Co., Ltd. (青島港科技有限公司)), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at 30 June 2021, which is mainly engaged in computer software and hardware development, computer system integration, multimedia technology design and production, computer graphics and animation design, computer engineering and other related businesses. On 16 July 2021, Qingdao Port Technology changed its name into Shandong Port Technology Group Qingdao Co., Ltd, for which the Company and Shandong Port Technology hold 49% and 51% equity interests, respectively
“Qingdao SASAC”	the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會), the de facto controller of the Company as at 30 June 2021,
“Qingdao Shihua”	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Qingwei Container”	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing container handling and ancillary services
“QQCT”	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (it is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), which is mainly engaged in the business of providing container handling and ancillary services

“RCEP”		Regional Comprehensive Economic Partnership
“Rizhao Group”	Port	Shandong Port Rizhao Port Group Co., Ltd. (日照港集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Shandong Port Group as at 30 June 2021
“RMB”		Renminbi, the lawful currency of the PRC
“Shandong Free Trade Zone”		China (Shandong) Pilot Free Trade Zone
“Shandong Port Group”		Shandong Port Group Co., Ltd. (山東省港口集團有限公司), a company established in the PRC with limited liability, holding 49% equity interests of the Company’s controlling shareholder QDP as at 30 June 2021
“Shandong Port Lianhua”		Shandong Port Lianhua Pipeline Petroleum Transportation Co., Ltd. (山東港聯化管道石油輸送有限公司), a company established in the PRC with limited liability and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“Shandong Port Technology”		Shandong Port Technology Group Co., Ltd. (山東港口科技集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group as at 30 June 2021
“Shanghai China Shipping Terminal”		Shanghai China Shipping Terminal Development Co., Ltd. (上海中海碼頭發展有限公司), a company established in the PRC and a wholly-owned subsidiary of China Shipping Terminal Development
“Shipping Group”		Shandong Port Shipping Group Co., Ltd. (山東港口航運集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group as at 30 June 2021
“Supervisor(s)”		the supervisor(s) of the Company
“TEU”		Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of 20 feet, a width of 8 feet and a height of 8 feet and 6 inches
“Tongbao Shipping”		Qingdao Port Tongbao Shipping Co., Ltd. (青島港通寶航運有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at 30 June 2021, which is mainly engaged in the business of ship transportation, equipment installation and maintenance, shipping agency, freight management and other related services

“West United” Qingdao Qianwan West Port United Terminal Co., Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (it is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services

“Yiruiyuan Trading” Qingdao Yiruiyuan Trading Co., Ltd. (青島懿睿源商貿有限公司), a company established in the PRC with limited liability and one of the Vendors to the transactions in relation to the acquisition of 51% equity interests in Haiye Oil Terminal

** The Chinese name(s) of the PRC entities have been translated into English in this interim results announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*

** Certain amounts and percentage figures included in this announcement have been subject to rounding.*