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

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

(Stock Code: 3369)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

– For 2014, our revenue amounted to RMB7,223,103 thousand, representing an increase of 0.47% as compared with the last year.

– For 2014, our net profit amounted to RMB1,977,306 thousand, representing an increase of 11.29% as compared with the last year.

– For 2014, our net profit attributable to owners of the parent company amounted to RMB1,980,145 thousand, representing an increase of 12.23% as compared with the last year.

– The Board recommended a final dividend of RMB0.35 per Share (before tax) to Shareholders for 2014.

The Board is pleased to announce the audited financial statements of the Group for the year ended 31 December 2014 prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2013.

CONSOLIDATED BALANCE SHEET
31 December 2014

RMB	**31 December 2014**	31 December 2013
Current assets		
Cash and bank balances	**3,095,475,670.05**	5,945,266,696.95
Bills receivable	**75,817,721.80**	72,698,397.00
Dividends receivable	**–**	1,026,725.97
Accounts receivable	**208,103,086.57**	189,187,615.04
Other receivables	**42,704,201.60**	73,020,762.55
Prepayments	**6,911,273.14**	12,350,142.54
Inventories	**199,661,932.26**	190,335,822.36
Other current assets	**154,165,982.46**	9,259,978.39
Total current assets	**3,782,839,867.88**	6,493,146,140.80
Non-current assets		
Long-term equity investments	**1,471,034,416.26**	1,039,200,647.45
Available-for-sale financial assets	**710,376,014.95**	681,623,657.00
Investment properties	**6,434,350.00**	4,171,258.01
Fixed assets	**11,817,708,396.92**	11,864,701,215.67
Construction in progress	**9,254,680,699.09**	8,273,308,475.14
Intangible assets	**940,241,413.05**	662,108,291.08
Goodwill	**–**	58,774.48
Long-term prepaid expenses	**141,850.09**	60,466.67
Deferred tax assets	**148,024,801.70**	163,649,339.08
Other non-current assets	**5,296,916.60**	59,715,053.18
Total non-current assets	**24,353,938,858.66**	22,748,597,177.76
Total assets	**28,136,778,726.54**	29,241,743,318.56

CONSOLIDATED BALANCE SHEET (CONTINUED)

	31 December 2014	31 December 2013
Current liabilities		
Short-term borrowings	**1,553,906,160.15**	3,000,000,000.00
Accounts payable	**104,744,909.38**	109,109,045.92
Deposits received	**540,266,224.40**	614,578,043.35
Employee benefits payable	**85,539,203.98**	123,117,142.10
Taxes payable	**211,107,564.45**	233,596,458.48
Interest payable	**20,391,078.80**	20,298,822.46
Dividends payable	**1,141.91**	1,918,400.00
Other payables	**2,430,213,492.95**	4,016,348,981.98
Non-current liabilities due within one year	**469,214,800.00**	395,367,400.00
Total current liabilities	**5,415,384,576.02**	8,514,334,294.29
Non-current liabilities		
Long-term borrowings	**8,986,967,656.50**	7,368,092,212.35
Deferred income	**316,651,178.29**	310,392,028.16
Total non-current liabilities	**9,303,618,834.79**	7,678,484,240.51
Total liabilities	**14,719,003,410.81**	16,192,818,534.80
Shareholders' equity		
Share capital	**5,029,412,000.00**	5,029,412,000.00
Capital reserve	**4,506,903,112.81**	4,506,054,042.23
Special reserve	**21,544,992.62**	34,545,844.25
Surplus reserve	**884,205,714.39**	683,389,559.34
Retained profits	**1,798,642,550.46**	1,628,725,818.50
Equity attributable to shareholders of the parent	**12,240,708,370.28**	11,882,127,264.32
Minority interests	**1,177,066,945.45**	1,166,797,519.44
Total shareholders' equity	**13,417,775,315.73**	13,048,924,783.76
Total liabilities and shareholders' equity	**28,136,778,726.54**	29,241,743,318.56

CONSOLIDATED INCOME STATEMENT
For the year ended 2014

RMB	**2014**	2013
Revenue	**7,223,102,706.10**	7,189,172,072.57
Less: Operating costs	**4,076,995,871.49**	4,045,719,239.66
Business tax and surcharges	**35,993,457.68**	161,251,619.31
Selling expenses	**212,902.51**	122,242.40
Administrative expenses	**872,947,711.04**	820,377,988.99
Financial costs	**333,804,159.05**	331,121,245.48
Asset impairment loss	**(14,197,745.43)**	32,809,111.23
Add: Investment income	**237,153,522.85**	157,491,381.05
Including: investment income from associates and joint ventures	**173,457,997.08**	111,373,669.10
Operating profits	**2,154,499,872.61**	1,955,262,006.55
Add: Non-operating income	**426,494,593.06**	313,703,081.46
Including: Gain on disposal of non-current assets	**4,945,957.55**	319,629.92
Less: Non-operating expenses	**23,611,092.34**	72,979,714.81
Including: Losses on disposal of non-current assets	**22,413,179.22**	56,812,031.02
Total profit	**2,557,383,373.33**	2,195,985,373.20
Less: Income tax expenses	**580,076,900.02**	419,319,746.86
Net profit	**1,977,306,473.31**	1,776,665,626.34
Net profit attributable to shareholders of the parent	**1,980,144,727.01**	1,764,361,831.12
Minority interests	**(2,838,253.70)**	12,303,795.22
Earnings per share		
Basic and diluted earnings per share	**0.39**	0.41
Other comprehensive income	**–**	–
Total comprehensive income	**1,977,306,473.31**	1,776,665,626.34
Including:		
Total comprehensive income attributable to shareholders of the parent	**1,980,144,727.01**	1,764,361,831.12
Total comprehensive income attributable to minority shareholders	**(2,838,253.70)**	12,303,795.22

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 2014

RMB	**2014**	2013
1. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	**7,583,207,735.39**	7,437,777,573.08
Refunds of taxes	**–**	28,875,091.92
Cash received relating to other operating activities	**391,598,808.46**	51,189,822.63
Sub-total of cash inflows	**7,974,806,543.85**	7,517,842,487.63
Cash paid for goods and services	**1,042,189,592.18**	1,086,380,599.33
Cash paid to and on behalf of employees	**2,362,785,557.18**	2,222,602,430.83
Cash paid for all taxes	**977,915,189.32**	802,995,478.06
Cash paid relating to other operating activities	**608,105,637.97**	536,669,467.63
Sub-total of cash outflows	**4,990,995,976.65**	4,648,647,975.85
Net cash flows from operating activities	**2,983,810,567.20**	2,869,194,511.78
2. Cash flows from investing activities		
Cash received from return of investment	**368,410,196.89**	–
Cash received from disposal of other entities	**5,734,810.37**	–
Cash received from investment income	**169,070,214.58**	179,628,711.95
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**5,116,188.52**	487,866,701.14
Cash received relating to other investing activities	**88,000,000.00**	68,300,000.00
Sub-total of cash inflows	**636,331,410.36**	735,795,413.09
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	**3,329,568,167.51**	2,517,715,747.60
Cash paid for investments	**333,330,000.00**	105,000,000.00
Cash paid for investment in time deposits	**143,020,800.00**	357,910,196.89
Net cash from disposal of subsidiaries	**2,625,169.03**	–
Restricted funds deposited with financial institutions	**215,280.00**	–
Sub-total of cash outflows	**3,808,759,416.54**	2,980,625,944.49
Net cash flows from investing activities	**(3,172,428,006.18)**	(2,244,830,531.40)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

		2014	2013
3.	Cash flows from financing activities		
	Cash received from capital contribution	**18,000,000.00**	3,121,199,231.19
	Including: cash received from capital contribution by minority shareholders to subsidiaries	**18,000,000.00**	–
	Cash received from borrowings	**4,515,766,424.92**	4,230,383,437.00
	Cash received relating to other financing activities	**–**	343,391,284.94
	Sub-total of cash inflows	**4,533,766,424.92**	7,694,973,953.13
	Cash paid for repayments of borrowings	**4,267,053,263.85**	3,386,534,000.00
	Cash paid for distribution of dividends or profits and for interest expenses	**2,300,105,626.29**	2,810,328,738.00
	Including: dividends paid to minority shareholders by subsidiaries	**3,642,267.61**	2,965,541.53
	Cash paid relating to other financing activities	**446,561,680.78**	11,062,875.44
	Sub-total of cash outflows	**7,013,720,570.92**	6,207,925,613.44
	Net cash flows from financing activities	**(2,479,954,146.00)**	1,487,048,339.69
4.	Effect of foreign exchange rate changes on cash and cash equivalents	**33,454,674.97**	(16,942,841.65)
5.	Net increase in cash and cash equivalents	**(2,635,116,910.01)**	2,094,469,478.42
	Add: Balance of cash and cash equivalents at the beginning of the year	**5,537,356,500.06**	3,442,887,021.64
6.	Balance of cash and cash equivalents at the end of the year	**2,902,239,590.05**	5,537,356,500.06

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd.* (the "Company") is a joint stock company with limited liability incorporated in Hebei province, the People's Republic of China on 31 March 2008. The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 12 December 2013. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in provision of port services including stevedoring, stacking, warehousing, transportation, and mainly handle coal as well as various types of cargo including oil and liquefied chemicals, metal ores and general cargo and containers.

The business scope of the Company includes provision of terminal facilities for vessels; provision of loading and discharging, warehousing, container stacking, less than container load services entrusted by the principal; provision of pushing and towing services for vessels entering and leaving port, berthing and shifting berth; lease, repair and maintenance of harbour facilities, equipment and machinery; provision of shore power for vessels, crew shuttling, provision of waste recovery, oil fence services (licence is valid until 25 March 2016); provision of power and electrical engineering installation, repair and maintenance services, power use management and technological upgrading within the harbour; self-owned buildings and premises leases; provision of computer engineering, network and software development services; harbour information and technology consultation services; cargo weighing; freight forwarding; ordinary freight; freight station (site) (logistics services); transport of special goods (containers); transport of dangerous goods (item 1, item 2 of the second category, the third category) (licence is valid until 30 November 2018); dealing with relevant procedures including application for the training, examination and certificates (other than Seaman's Book and overseas Seaman's Book) collection for the crew; managing the crew affairs for employing units of the crew, and relevant forwarding service such as provision of manning for the domestic sailing ships (licence is valid until 18 December 2018); enterprise management services; provision of harbour-related labor services; import and export services of goods (except those prohibited by the state or for which a prior approval should be obtained); (the operation of the following items are restricted to the branches only): provision of supplies purchasing services for the Company; provision of services of funds settlement and financial administration in relation to the Company; security services for harbour facilities; environmental landscaping and sanitary services; railway transport services within the harbour district (licence is valid until 29 June 2017); computer system services.

The parent and ultimate controlling shareholder of the Company is Hebei Port Group Co., Ltd. ("HPG"), which was established in the People's Republic of China.

These financial statements have been approved by the board of directors of the Company by resolutions on 23 March 2015. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of Preparation

The Company previously prepared its financial statements in accordance with International Financial Reporting Standards for information disclosure at the Hong Kong Stock Exchange. In accordance with the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" which was published by the Hong Kong Stock Exchange in December 2010, from this financial year, the Company decided to prepare its financial statements in accordance with "Accounting Standards for Business Enterprises" and the relevant regulations issued by the Ministry of Finance of the PRC, together with specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter (collectively referred to as "Accounting Standards for Business Enterprises"), for information disclosure at the Hong Kong Stock Exchange.

These financial statements have been prepared on a going concern basis.

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

2. Adoption of Revised/New Accounting Standards

The Ministry of Finance issued Accounting Standards for Business Enterprises No.39 – Fair Value Measurement, Accounting Standards for Business Enterprises No.40 – Joint Arrangements and Accounting Standards for Business Enterprises No.41 – Disclosure of Interests in Other Entities and revised Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments, Accounting Standards for Business Enterprises No.9 – Employee Benefits, Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements and Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements during the period from January to March 2014. The above seven accounting standards were effective from 1 July 2014, and enterprises listed overseas were encouraged to adopt these standards in advance. The Ministry of Finance revised the Accounting Standards for Business Enterprises No.37 – Presentation of Financial Instruments in June 2014, which will be implemented in the financial reports for 2014 or the periods after 2014.

The changes of accounting policies by reason of the adoption of the above accounting standards have been applied to the Company for the current year's financial statements and retrospective adjustments have been made to the comparative financial information.

The application of Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments (revised in 2014) has affected the Group's classification of equity instrument investments not quoted in an active market whose fair values cannot be reliably measured, which are accounted under the cost convention. According to this standard, the Group reclassified the above investments from long-term equity investments to available-for-sale financial assets. The opening balance at 1 January 2013 has been restated in these financial statements.

The impacts of retrospective adjustment as mentioned above made for the financial statements for the years 2014 and 2013 are as follows:

The Group

	Accounting Standard Adopted		
	Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments		
	Opening balance before adoption *(RMB)*	**(Revised in 2014)**	**Opening balance after adoption** *(RMB)*
2014			
Long-term equity investments	**1,720,824,304.45**	**(681,623,657.00)**	**1,039,200,647.45**
Available-for-sale financial assets	**–**	**681,623,657.00**	**681,623,657.00**
2013			
Long-term equity investments	1,684,803,000.75	(681,623,657.00)	1,003,179,343.75
Available-for-sale financial assets	–	681,623,657.00	681,623,657.00

The Company

	Accounting Standard Adopted		
	Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments		
	Opening balance before adoption *(RMB)*	**(Revised in 2014)**	**Opening balance after adoption** *(RMB)*
2014			
Long-term equity investments	**5,942,930,878.11**	**(532,000,000.00)**	**5,410,930,878.11**
Available-for-sale financial assets	**–**	**532,000,000.00**	**532,000,000.00**
2013			
Long-term equity investments	4,921,912,939.69	(532,000,000.00)	4,389,912,939.69
Available-for-sale financial assets	–	532,000,000.00	532,000,000.00

III. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AND BANK BALANCES

RMB	**2014**	2013
Cash on hand	**33,015.11**	98,063.72
Bank deposits	**3,095,442,654.94**	5,945,168,633.23
	3,095,475,670.05	5,945,266,696.95
Less: Restricted bank deposits	**215,280.00**	–
Time deposits with maturity of more than three months	**193,020,800.00**	407,910,196.89
Cash and cash equivalents	**2,902,239,590.05**	5,537,356,500.06

As at 31 December 2014, the ownership of the bank deposits of the payment guarantee deposits amounting to RMB215,280.00 (31 December 2013: nil) of the Group due to project construction was subject to restriction.

As at 31 December 2014, the cash and bank balances deposited overseas by the Group were equivalent to RMB30,061,189.06 (31 December 2013: RMB 2,198,073,356.52).

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term time deposits vary from 7 day to 6 months depending on the cash requirements of the Group and earn interest at the respective deposit rates.

2. ACCOUNTS RECEIVABLE

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

An aged analysis of the accounts receivable is as follows:

RMB	**2014**	2013
Within 1 year	**193,664,524.88**	177,771,380.35
1 to 2 years	**26,003,621.74**	22,613,968.49
2 to 3 years	**–**	–
Over 3 years	**1,655,441.05**	1,660,647.05
	221,323,587.67	202,045,995.89
Provision for bad debts	**(13,220,501.10)**	(12,858,380.85)
	208,103,086.57	189,187,615.04

The movements in the provision for bad debts are as follows:

RMB	**2014**	2013
Opening balance	**12,858,380.85**	10,070,074.32
Provision in the current year	**9,777,729.39**	6,056,675.64
Reversal in the current year	**(9,411,549.99)**	(3,268,369.11)
Write-off in the current year	**(4,059.15)**	–
Closing balance	**13,220,501.10**	12,858,380.85

	2014				2013			
	Carrying amount		**Provision for bad debts**		Carrying amount		Provision for bad debts	
	Amount *(RMB)*	**Percentage (%)**	**Amount *(RMB)***	**Percentage (%)**	Amount *(RMB)*	Percentage (%)	Amount *(RMB)*	Percentage (%)
Provision for bad debts by credit risk characteristics groups								
Within 1year	**193,664,524.88**	**87.50**	**8,986,865.71**	**5**	177,771,380.35	87.99	8,936,336.95	5
1 to 2 years	**26,003,621.74**	**11.75**	**2,578,194.34**	**10**	22,613,968.49	11.19	2,261,396.85	10
2 to 3 years	**–**	**–**	**–**	**–**	–	–	–	–
Over 3 years	**1,655,441.05**	**0.75**	**1,655,441.05**	**100**	1,660,647.05	0.82	1,660,647.05	100
	221,323,587.67	**100.00**	**13,220,501.10**		202,045,995.89	100.00	12,858,380.85	

As at 31 December 2014 and 31 December 2013, the Group performed the impairment test in respect of single accounts receivable that was significant, and considered there was no need for the provision for bad debts separately. The Group grouped these accounts receivable and made the provision for bad debts in the method of ageing analysis.

3. OTHER RECEIVABLES

An aged analysis of other receivables is as follows:

RMB	**2014**	2013
Within 1 year	**40,702,700.97**	76,335,693.49
1 to 2 years	**2,431,884.00**	301,592.74
2 to 3 years	**106,300.00**	425,081.24
Over 3 years	**45,525,121.24**	56,598,275.20
	88,766,006.21	133,660,642.67
Less: Provision for bad debts of other receivables	**(46,061,804.61)**	(60,639,880.12)
	42,704,201.60	73,020,762.55

The movements in provision for bad debts of other receivables are as follows:

			Decrease for the year		
RMB	**Opening balance**	**Provision for the year**	**Reversal**	**Write-off**	**Closing balance**
2014	**60,639,880.12**	**310,030.48**	**(14,873,955.31)**	**(14,150.68)**	**46,061,804.61**
2013	39,492,550.57	44,506,202.15	(23,141,872.60)	(217,000.00)	60,639,880.12

The Group's adoption of the aged analysis method in provision for bad debts of other receivables is as follows:

	2014				2013			
	Balance		**Provision for bad debts**		Balance		Provision for bad debts	
	Amount *(RMB)*	**Percentage** (%)	**Amount** *(RMB)*	**Percentage** (%)	Amount *(RMB)*	Percentage (%)	Amount *(RMB)*	Percentage (%)
Within 1 year	**40,702,700.97**	**45.85**	**265,063.37**	**1**	76,335,693.49	57.11	3,883,921.28	5
1 to 2 years	**2,431,884.00**	**2.74**	**239,730.00**	**10**	301,592.74	0.23	30,159.27	10
2 to 3 years	**106,300.00**	**0.12**	**31,890.00**	**30**	425,081.24	0.32	127,524.37	30
3 to 4 years	**24,581.24**	**0.03**	**24,581.24**	**100**	56,003,540.00	41.90	56,003,540.00	100
4 to 5 years	**45,500,540.00**	**51.26**	**45,500,540.00**	**100**	594,735.20	0.44	594,735.20	100
	88,766,006.21	**100.00**	**46,061,804.61**		133,660,642.67	100.00	60,639,880.12	

Other receivables by nature are as follows:

RMB	**2014**	2013
Equity transfer consideration	**45,500,540.00**	56,000,540.00
Government grants	**33,323,300.00**	–
Deposits	**4,058,977.01**	3,072,568.00
Utilities	**1,779,172.50**	71,866,089.52
Others	**4,104,016.70**	2,721,445.15
	88,766,006.21	133,660,642.67

As at 31 December 2014, the government grants receivable were as follows:

	Grant project	**Amount (RMB)**	**Payment date**	**Expected receiving time, amount and basis**
Administration Commission of Bohai New Zone in Cangzhou City	Subsidy to container amount	33,323,300.00	Within 1 year	Bo Xin Guan Zi [2012] No. 25 (渤新管字[2012]25號) Expected to receive in 2015

4. INVENTORIES

	2014			2013		
	Balance *(RMB)*	**Provision for impairment**	**Carrying amount** *(RMB)*	Balance *(RMB)*	Provision for impairment	Carrying amount *(RMB)*
Materials	**93,717,523.41**	**–**	**93,717,523.41**	81,481,180.82	–	81,481,180.82
Fuels	**10,059,532.13**	**–**	**10,059,532.13**	15,678,199.87	–	15,678,199.87
Spare parts	**92,745,132.74**	**–**	**92,745,132.74**	87,808,679.42	–	87,808,679.42
Low-cost consumables	**1,993,475.35**	**–**	**1,993,475.35**	2,349,490.41	–	2,349,490.41
Finished goods	**1,146,268.63**	**–**	**1,146,268.63**	3,018,271.84	–	3,018,271.84
	199,661,932.26	**–**	**199,661,932.26**	190,335,822.36	–	190,335,822.36

5. SHORT-TERM BORROWINGS

RMB	**2014**	2013
Unsecured borrowings	**1,553,906,160.15**	3,000,000,000.00

As at 31 December 2014, the interest rate of the above borrowings ranged from 3.78% to 6.70% per annum (31 December 2013: 5.40% to 6.56%).

As at 31 December 2014, the Group has no outstanding short-term borrowings falling due (31 December 2013: nil).

6. ACCOUNTS PAYABLE

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

An aged analysis of accounts payable is as follows:

RMB	**2014**	2013
Within 1 year	**93,382,003.82**	102,274,272.06
1 to 2 years	**4,172,957.29**	4,688,555.71
2 to 3 years	**2,654,108.65**	1,133,935.00
Over 3 years	**4,535,839.62**	1,012,283.15
	104,744,909.38	109,109,045.92

As at 31 December 2014, the Group has no significant accounts payable with aged more than one year (31 December 2013: nil).

7. INTEREST PAYABLE

RMB	**2014**	2013
Interest on bank borrowings	**20,391,078.80**	20,298,822.46

8. LONG-TERM BORROWINGS

RMB	**2014**	2013
Unsecured borrowings	**9,456,182,456.50**	7,763,459,612.35
Less: long-term borrowings due within one year	**469,214,800.00**	395,367,400.00
Non-current portion	**8,986,967,656.50**	7,368,092,212.35

As at 31 December 2014, the interest rate of the above borrowings ranged from 5.54% to 7.21% per annum (31 December 2013: 5.54% to 6.88%).

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

RMB	**2014**	2013
Within 1 year (including 1 year)	**469,214,800.00**	395,367,400.00
Within 2 years (including 2 years)	**502,754,200.00**	807,430,800.00
Within 2 to 5 years (including 5 years)	**1,737,294,311.00**	2,587,495,800.00
Over 5 years	**6,746,919,145.50**	3,973,165,612.35
	9,456,182,456.50	7,763,459,612.35

9. OPERATING REVENUE AND COST

Revenue, which is also the Group's turnover, represents the net invoice value of goods sold net of sales returns and trade discounts; the value of the services rendered; and the gross rental income received and receivable by the Group during the Year.

RMB	**2014**	2013
Revenue from the principal operations	**7,199,701,486.36**	7,147,917,417.08
Revenue from other operations	**23,401,219.74**	41,254,655.49
	7,223,102,706.10	7,189,172,072.57

	2014	2013
Cost of the principal operations	**4,060,205,605.97**	4,017,101,073.49
Cost of other operations	**16,790,265.52**	28,618,166.17
	4,076,995,871.49	4,045,719,239.66

Revenue is as follows:

RMB	**2014**	2013
Revenue from service in relation to coal and relevant products	**5,716,611,142.27**	5,641,292,150.39
Revenue from service in relation to metal ore and relevant products	**734,318,083.84**	799,757,612.47
Revenue from service in relation to general and other cargoes	**238,078,708.36**	182,474,253.97
Revenue from container service	**112,975,127.25**	95,702,098.93
Revenue from service in relation to liquefied cargoes	**109,422,359.64**	127,335,089.84
Revenue from others	**311,697,284.74**	342,610,866.97
	7,223,102,706.10	7,189,172,072.57

10. BUSINESS TAX AND SURCHARGES

RMB	**2014**	2013
Business tax	**1,922,869.32**	129,799,057.38
Urban maintenance and construction tax and education surcharge	**34,070,588.36**	31,452,561.93
	35,993,457.68	161,251,619.31

11. ADMINISTRATIVE EXPENSES

RMB	**2014**	2013
Payroll	**589,019,414.40**	533,264,634.86
Depreciation and amortisation	**61,834,351.34**	66,092,560.75
Tax expenses	**58,636,266.74**	38,163,000.98
Rental expenses	**32,300,852.19**	32,503,146.35
Repair and maintenance expenses	**17,460,894.36**	20,656,266.40
Office charges	**14,807,700.28**	17,308,514.37
Epidemic prevention expenses	**10,585,584.93**	10,030,855.45
Travel expenses	**10,389,009.65**	13,141,139.84
Business entertainment expenses	**6,023,604.52**	11,659,163.14
Auditors' remuneration	**3,763,280.55**	10,187,500.00
Others	**68,126,752.08**	67,371,206.85
	872,947,711.04	820,377,988.99

12. FINANCIAL COST

RMB	**2014**	2013
Interest expense	**685,226,516.93**	634,245,492.58
Including: Interest on bank loans wholly repayable within five years	**296,133,138.95**	388,185,619.55
Interest on other loans	**389,093,377.98**	246,059,873.03
Less: Interest income	**29,415,787.06**	19,687,061.47
Less: Capitalised interest	**288,599,325.61**	300,935,811.23
Foreign exchange (gain)/loss	**(35,538,831.74)**	16,942,841.65
Others	**2,131,586.53**	555,783.95
	333,804,159.05	331,121,245.48

The amount of capitalised interest for borrowings has been included in construction in progress.

13. NON-OPERATING INCOME

RMB	**2014**	2013
Gain on disposal of non-current assets	**4,945,957.55**	319,629.92
Including: Gain on disposal of fixed assets	**4,945,957.55**	319,629.92
Government grants	**69,722,781.92**	309,391,838.58
Relocation compensation	**350,000,000.00**	–
Others	**1,825,853.59**	3,991,612.96
	426,494,593.06	313,703,081.46

Government grants credited to profit or loss during the Year are as follows:

RMB	**2014**	2013	**Related to assets/ income**
Government subsidy *(Note)*	**–**	294,842,515.18	Related to assets
Retrofitting of contingency coal storage depot	**18,162,500.00**	262,500.00	Related to assets
Container subsidy	**40,946,200.00**	7,311,400.00	Related to income
Special environmental subsidy	**7,604,183.20**	5,062,530.17	Related to assets
Others	**3,009,898.72**	1,912,893.23	
	69,722,781.92	309,391,838.58	

Note: Such government subsidy represents the refund of taxes received by the Group in 2013 for the transfer of Huanghua Port public infrastructure in 2011.

14. NON-OPERATING EXPENSES

RMB	**2014**	2013
Losses on disposal of non-current assets	**22,413,179.22**	56,812,031.02
Including: Losses on disposal of fixed assets	**22,413,179.22**	56,812,031.02
External donation	**1,151,227.16**	1,818,160.00
Others	**46,685.96**	14,349,523.79
	23,611,092.34	72,979,714.81

15. INCOME TAX EXPENSES

RMB	**2014**	2013
Current income tax expenses	**566,085,632.76**	504,797,250.81
Deferred income tax expenses	**13,991,267.26**	(85,477,503.95)
	580,076,900.02	419,319,746.86

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

RMB	**2014**	2013
Total profit	**2,557,383,373.33**	2,195,985,373.20
Income tax expenses at the statutory tax rate	**639,345,843.33**	548,996,343.30
Effect of the effective tax rate of less than 25% on income tax expenses	**3,782,851.16**	–
Income not subject to tax	**(15,701,372.15)**	(11,529,427.99)
Investment income from associates and joint ventures	**(43,364,499.27)**	(27,843,417.28)
Expenses not deductible for tax	**2,590,565.49**	16,810,106.34
Utilising deductible losses not recognised in previous years	**–**	(110,558,322.25)
Unrecognised deductible losses	**7,596,939.51**	3,990,422.01
Adjustments in respect of income tax of previous years	**(10,419,013.05)**	–
Deductible temporary difference not recognised	**(138,307.82)**	(3,153,179.43)
Others	**(3,616,107.18)**	2,607,222.16
Income tax expenses calculated at the Group's effective tax rate	**580,076,900.02**	419,319,746.86

16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue. The newly issued ordinary shares are calculated and recognised based on the terms of issue contracts from the due date of the consideration (normally the stock issue date).

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

RMB	**2014**	2013
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**1,980,144,727.01**	1,764,361,831.11
Shares		
Weighted average number of ordinary shares in issue	**5,029,412,000.00**	4,316,337,643.84

The Company had no dilutive potential ordinary shares in issue during 2014 (2013: Nil).

IV. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the resolution deliberated at the nineteenth meeting of the second session of the Board held on 23 March 2015, the Company proposed to pay a cash dividend totaling RMB1,760,294,200.00 to all the shareholders for the year 2014, which is calculated based on the shares in issue of 5,029,412,000 shares and RMB0.35 per share (inclusive of applicable tax). The resolution will be submitted to the coming general meeting for approval.

V. OTHER IMPORTANT ITEMS

1. SEGMENT REPORTING

Operating Segments

For management purposes, the Group is organised into business units based on their products and services, and has one reportable operating segment: provision of integrated port services. The Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation and performance assessment.

Other Information

Information about products and services

For the revenue classified by category, please see Note III. 9 of this results announcement.

Geographical information

More than 90% of the Group's operations and customers are located in Mainland China; more than 90% of the revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

Information about major customers

In 2014, there are two customers (2013: two), revenue derived from sales to either single, amounting to RMB1,009,626,771.71 and RMB894,336,360.01 (2013: RMB1,102,381,051.37 and RMB1,031,288,628.13) respectively, representing 10% or more of the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Industry Overview[Note]

(1) Overview of Port Industry in the PRC

The PRC economy continued to maintain its steady growth during 2014. The PRC economy operation quality remained stable with improved economic structures in 2014. Based on preliminary calculations, for the first time in history, China's GDP exceeded RMB60 trillion and reached RMB63,646.3 billion during 2014, representing an increase of 7.4% as compared with 2013 calculated at comparable prices. The throughput of ports in the PRC also recorded a stable increase. The throughput of cargoes in ports above designated size reached 11.16 billion tonnes, representing an increase of 4.8% as compared with 2013, including the throughput of imported cargoes of 3.52 billion tonnes, representing an increase of 5.9%; the throughput of containers in ports above designated size reached 200.93 million TEUs, representing an increase of 6.1%.

Amidst stable growth of the economy and trade of the PRC, the throughput of coastal ports was estimated to reach 8 billion tonnes in 2014, representing an increase of approximately 5.7% as compared with 2013. Affected by the significant decrease in international commodity prices, China's imports of iron ores and oils increased significantly which constitutes an important factor driving up the throughput of coastal ports.

Sources: National Bureau of Statistics and the China Port (中國港口) magazine

(2) Overview of Port Coal Industry in the PRC

In terms of throughput, coal and its products are the largest category of cargoes of coastal ports in China, which recorded an increase of approximately 1% as compared with 2013.

During 2014, the total energy consumption reached 4.26 billion tonnes of standard coal equivalent in China, representing an increase of 2.2% as compared with 2013; while the coal consumption accounting for 66.0% of the total energy consumption, decreased by 2.9%. As Interim Measures for the Quality Management of Commercial Coal were promulgated in the PRC in 2014, imports of low-quality coal were effectively reduced and coal imports of 291.22 million tonnes recorded in January to December, representing a decrease of 10.95% as compared with 2013. The decrease in imports of imported coal resulted in the growth of loading of coal in northern ports by approximately 30 million tonnes, and the throughput of coal in coastal ports maintained positive growth.

Sources: the China Port (中國港口) magazine, National Bureau of Statistics and General Administration of Customs

(3) Overview of Port Metal Ore Industry in the PRC

Metal ores are the second largest category of cargoes in coastal ports of the PRC. Due to the global oversupply of metal ores, ore prices decreased significantly. It was distinct that domestically small-sized production of iron ores was substituted by foreign imports. While steel output was maintained, the PRC recorded iron ore imports of 932.51 million tonnes in 2014, representing an increase of 13.8% as compared with 2013.

Source: General Administration of Customs and the China Port (中國港口) magazine

(4) Overview of Port Oil and Liquefied Chemicals, Containers and Other Cargo Industries in the PRC

For 2014, affected by the substantial decrease in international oil prices, oil imports increased significantly in the PRC, which promoted the growth in the oils throughput in coastal ports. For 2014, crude oil imports reached 308.38 million tonnes in the PRC, representing an increase of 9.5% as compared with 2013.

Amidst the recovery of global economy and trade, the international containers throughput in the PRC ports has stepped out of slow growth, while the growth of domestic trade lines and domestic sub-lines throughput slowed down as compared with 17.4% in 2012 and 12.5% in 2013. Based on comprehensive statistics, for 2014, the throughput of containers in ports above designated size in the PRC reached 200.93 million TEUs, representing an increase of 6.1%.

Sources: the China Port (中國港口) magazine and National Bureau of Statistics

(5) Impact of Development Trend of Port Industry in China on the Business Operation of the Group

Benefiting from the rapid growth of port industry in China, in particular, the port industry in Bohai Rim (where the Group is located), the revenue and profit of the Group during 2014 recorded a relatively stable growth.

Note: Data of port industry set out in the Industry Overview refers to statistics data of coastal ports above designated size (with annual throughput of no less than 10 million tonnes).

(II) Results of Operation and Financial Performance

(1) Revenue

We provide integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargo mainly including coal, metal ores, oil and liquefied chemicals, containers and general cargoes. We also provide value-added services including towing, tallying and coal blending.

During 2014, the revenue of the Group amounted to RMB7,223,103 thousand, representing an increase of RMB33,931 thousand or approximately 0.47% as compared with revenue of RMB7,189,172 thousand in 2013. The increase was mainly attributable to: (1) the stable growth in the throughput of cargoes of the Group during 2014; (2) the adjustment in cargo structures and the impact of application of the increased port handling fees since 1 June 2013 to domestic coal business throughout 2014 resulted in a greater increase in our revenue as compared with the impact of the PRC change of applicable tax policy from business tax to value-added tax since 1 August 2013; and (3) the revenue growth of stacking business in Qinhuangdao Port. The following table sets forth the revenue generated from each type of cargo we serviced:

	For the year ended 31 December					
	2014		2013			
	Revenue *(RMB'000)*	**Percentage of total revenue**	Revenue *(RMB'000)*	Percentage of total revenue	Increase/ (decrease) *(RMB'000)*	Increase/ (decrease) *(%)*
Dry bulk	**6,450,929**	**89.31%**	6,441,050	89.59%	9,879	0.15
– Coal	**5,716,611**	**79.14%**	5,641,292	78.47%	75,319	1.34
– Metal ore	**734,318**	**10.17%**	799,758	11.12%	-65,440	-8.18
Oil and liquefied chemicals	**109,422**	**1.51%**	127,335	1.77%	-17,913	-14.07
Container	**112,975**	**1.56%**	95,702	1.33%	17,273	18.05
General and other cargoes	**238,079**	**3.30%**	182,474	2.54%	55,605	30.47
Others	**311,698**	**4.32%**	342,611	4.77%	-30,913	-9.02
Total	**7,223,103**	**100%**	7,189,172	100%	33,931	0.47

(2) ***Operating Costs***

Our operating costs primarily includes labor costs, depreciation and amortization, power and fuel costs, repair and maintenance expenses, environmental protection and sewage charges and leasing expenses.

Our operating costs for the Year amounted to RMB4,076,996 thousand, representing an increase of RMB31,277 thousand or 0.77% as compared with RMB4,045,719 thousand in 2013. Such increase was mainly due to (1) the decrease in our power and fuel costs and repair and maintenance expenses of the Group affected by the change of applicable tax policy from business tax to value-added tax; and (2) the significant increase in depreciation and amortization since the investments of the construction projects by Cangzhou Bohai have been gradually transferred as fixed assets.

(3) ***Gross Profit Margin***

For 2014, the gross profit of the Group increased by RMB127,913 thousand to RMB3,110,114 thousand, representing an increase of 4.29% as compared with RMB2,982,201 thousand in 2013. The gross profit margin of the Group was 43.06% for 2014, representing an increase of approximately 1.58% as compared with 41.48% in 2013. The increase was mainly attributable to the greater growth of gross profit than that of revenue for the year.

(4) *Segment Analysis (Business Review)*

For 2014, the Group achieved a total cargo throughput of 382.09 million tonnes[1], representing an increase of 17.11 million tonnes or approximately 4.69%, as compared with the throughput of 364.98 million tonnes[1] in 2013. The cargo throughput of each type of cargo we handled is set out below:

	For the year ended 31 December					
	2014		2013			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Dry bulk[2]	**354.78**	**92.85%**	341.35	93.53%	13.43	3.93%
– Coal	**245.79**	**64.33%**	243.82	66.81%	1.97	0.81%
– Metal ore	**108.99**	**28.52%**	97.53	26.72%	11.46	11.75%
Oil and liquefied chemicals	**7.26**	**1.90%**	8.3	2.27%	(1.04)	(12.53)%
Container[3]	**9.67**	**2.53%**	7.98	2.19%	1.69	21.18%
General and other cargoes[4]	**10.38**	**2.72%**	7.35	2.01%	3.03	41.22%
Total[1]	**382.09**	**100.00%**	364.98	100.00%	17.11	4.69%

For 2014, due to our sophisticated management experience, innovative operation model and long-term stable partnership with our customers, the Group recorded a steady growth of cargo throughput of 266.13 million tonnes[5] in Qinhuangdao Port, representing an increase of 2.23 million tonnes or approximately 0.85% from 263.90 million tonnes[5] in 2013. Benefiting from the substantial growth of ore imports, the Group achieved the cargo throughput of 83.84 million tonnes[6] in Caofeidian Port, representing an increase of 15.3 million tonnes or approximately 22.32% from 68.54 million tonnes[6] in 2013. Affected by the restricted berthing capabilities and diversion of cargo resources due to increasingly intensified competition from neighbouring ports, the Group recorded the cargo throughput of 32.12 million tonnes[7] in Huanghua Port, representing a decrease of 0.42 million tonnes or approximately 1.29% from 32.54 million tonnes[7] in 2013. The throughputs generated from each of the ports which we operate are as follows:

	For the year ended 31 December					
	2014		2013			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Qinhuangdao Port[5]	**266.13**	**69.65%**	263.9	72.30%	2.23	0.85%
Caofeidian Port[6]	**83.84**	**21.94%**	68.54	18.78%	15.30	22.32%
Huanghua Port[7]	**32.12**	**8.41%**	32.54	8.92%	(0.42)	(1.29)%
Total[4]	**382.09**	**100%**	364.98	100%	17.11	4.69%

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. For 2014, the Group recorded total dry bulk throughput of 354.78 million tonnes, representing an increase of 3.93% as compared with that of 341.35 million tonnes in 2013.

In respect of coal, the two coal berths renovated by the Group in Qinhuangdao Port were put into trial operation and the Group operated 23 coal berths in 2014. As a result, our coal throughput capacity increased by 1.9 million tonnes, amounting to 194.55 million tonnes in Qinhuangdao Port for 2014. For 2014, the Group achieved a coal throughput of 245.79 million tonnes, representing an increase of 0.81% from 243.82 million tonnes in 2013. The growth in the coal throughput of the Group was mainly due to the following businesses development:

I. Developing and strengthening strategic cooperation: during 2014, the Group entered into strategic cooperation agreements with various large scale coal enterprises and expanded the scope of strategic cooperation with our existing customers so as to improve the capability of the Group in preventing market risks while securing the throughput.

II. Continuing to improve service functions: the Group was committed to provision of customized services. For 2014, the Group further standardised management of the key steps such as dedusting, coal blending and mechanical sampling, thereby enhancing trustiness and satisfaction of our customers.

III. Further optimizing the cargo portfolio: during 2014, as environmental protection criteria were increasingly lifted and relevant policies and regulations were promulgated, the Group proactively promoted coal handling business with low dust and low sulfur so as to increase the transshipping efficiency of the Group's sites.

IV. Improving coordinative operation efficiency by leveraging on cooperation advantages: during 2014, the Group closely cooperated with railway, maritime and pilotage departments to effectively enhance the efficiency of stevedoring and shorten the closure hours of shipping lines. Meanwhile, the Group fully exerted the role of anchorage areas to further improve the efficiency of ship berthing during 2014.

In respect of metal ores, we operate 17 general cargo berths in Qinhuangdao Port, 6 general cargo berths in Huanghua Port, and 4 ore berths and 2 general bulk berths in Caofeidian Port through our associate company, Caofeidian Shiye. Most of these berths (except for designated berths such as grain berths) are also able to handle metal ores. In addition, the two 200,000-tonne ore berths constructed by us in Huanghua Port are expected to be put into a trial run in the second half of 2015. During 2014, due to the sustained growth of demand for iron ores in the PRC and the significant decrease in spot prices of international iron ores, the iron ore imports in the PRC surged significantly. Benefiting from such trend, the Group achieved a total metal ores throughput of 108.99 million tonnes in 2014, representing a growth of 11.75% from 97.53 million tonnes in 2013.

(ii) Oil and liquefied chemicals handling services

We operate 4 crude oil berths, 1 refined oil berth and 2 liquefied chemical berths in Qinhuangdao Port. For 2014, the Group recorded a total oil and liquefied chemical throughput of 7.26 million tonnes, representing a decrease of 12.53% from 8.30 million tones in 2013. Such decrease was mainly due to the decrease in the quantity of cargo sources of oil transportation resulting from the decrease in output of oil producers and the adjustment in the transportation mode.

(iii) Container services

We provide stevedoring and depot services to container shipping companies engaged in both international and domestic container trade. We operate 3 and 4 berths in Qinhuangdao Port and Huanghua Port respectively, which may handle containers.

Leveraging on the in-depth understanding of our customers' needs and our strengths in respect of containers operation quality and efficiency, as well as successive services, we successfully captured the market development in 2014. In addition, the Group achieved better results in respect of "dry bulk & general cargoes to containers" reform, expansion of imported cargo resources and stability and development of shipping lines in 2014. Benefiting from such trend, for 2014, the Group recorded a total container throughput of 728,014 TEUs, equivalent to the throughput of 9.67 million tonnes, representing significant increases in number of containers handled and throughput of 109,782 TEUs and 1.69 million tonnes (i.e. approximately 17.76% and 21.18%, respectively) as compared with the number of containers handled and throughput of 618,232 TEUs and 7.98 million tonnes in 2013, respectively.

(iv) Handling of general cargoes

We operate 17 general cargo berths in Qinhuangdao Port and 6 general cargo berths in Huanghua Port, which can be used for handling general cargoes. Our associate company, Caofeidian Shiye, operates 2 general cargo berths in Caofeidian Port. Benefiting from our regionally comparative advantages, we successfully expanded our market share and increased the transshipment volume of general cargoes by developing our new cargo resources while maintaining our existing general cargo resources in 2014. For 2014, the Group recorded a total throughput of general and other cargoes of 10.38 million tonnes, representing an increase of 41.22% from 7.35 million tonnes in 2013.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. For 2014, our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services; our value-added services mainly include towing, tallying, coal blending and other services, as well as tariff-free warehouse and export supervisory warehouse services to be provided in near future. During 2014, we strive to improve our service quality and to cater for our customers' needs with a view to increase customers' satisfaction. During 2014, the Group attached great importance to the development of coal blending business. We recorded coal blending of 32.3 million tonnes during 2014, representing an increase of 59.7% as compared to 2013 (20.2 million tonnes).

Notes:

1. Throughput includes that of Caofeidian Shiye, which operates terminals in Caofeidian Port and is a non-consolidated associate company of, and 35% owned by the Company. The Company is the largest shareholder of Caofeidian Shiye. For 2014, the throughput of Caofeidian Shiye was 83.84 million tonnes, consisting of 3.80 million tonnes of coal, 79.90 million tonnes of metal ores and 0.14 million tonnes of general cargoes.

2. The dry bulk cargoes we handle mainly consist of coal and metal ores.

3. For 2014, using TEU as the measuring unit, our containers throughput was 728,014 TEUs.

4. General and other cargoes include grain, fertilizer and other cargoes.

5. Includes containers throughput. Using TEU as the measuring unit, our containers throughput in Qinhuangdao Port was 414,025 TEUs for 2014.

6. Representing throughput from Caofeidian Shiye.

7. Includes containers throughput. Using TEU as the measuring unit, our containers throughput in Huanghua Port was 313,989 TEUs for 2014.

(5) Administrative expenses and selling expenses

For 2014, our total administrative expenses and selling expenses amounted to RMB873,161 thousand, representing an increase of RMB52,661 thousand or approximately 6.42% as compared with the administrative expenses and selling expenses in 2013 (RMB820,500 thousand). The increase was mainly attributable to the increase in labor costs due to inflation and competition in technician recruitment of the port industry, resulting in an increase in administrative expenses.

(6) Financial costs

For 2014, our financial costs amounted to RMB333,804 thousand, representing an increase of RMB2,683 thousand or approximately 0.81% as compared with the financial costs in 2013 (RMB331,121 thousand). The increase was mainly attributable to (1) the net exchange gains of the Company due to foreign exchange rate fluctuation; and (2) the investments of the construction projects by Cangzhou Bohai have been gradually transferred as fixed assets, interest on borrowings ceased to be capitalised, which results in an increase in our financial costs.

(7) Investment income

For 2014, our investment income amounted to RMB237,154 thousand, representing an increase of RMB79,663 thousand or approximately 50.58% as compared with the investment income in 2013 (RMB157,491 thousand). The increase was mainly attributable to (1) the investment income accounted for under the equity method of Caofeidian Shiye, an associate company of the Group, acknowledged a year-on-year increase; and (2) a year-on-year increase in distribution from SDIC Caofeidian Port Co., Ltd., an investee company of the Group.

(8) Net non-operating revenue and expenses

For 2014, our net non-operating revenue and expenses amounted to RMB402,884 thousand, representing an increase of RMB162,161 thousand or approximately 67.36% as compared with net non-operating revenue and expenses in 2013 (RMB240,723 thousand). The increase was mainly attributable to: (1) the Company received an initial compensation of RMB350,000 thousand for staff settlement involved in the closure of our coal stevedoring operation in the west port area, resulting in a year-on-year increase in non-operating revenue; (2) Cangzhou Bohai received a government subsidy of RMB294,843 thousand for the transfer of public infrastructure last year, leading to a year-on-year decrease in non-operating revenue; and (3) recognisation of a year-on-year increase of RMB51,535 thousand in government subsidies in relation to container business and retrofitting of contingency coal storage depot.

(9) Income tax expense

Income tax expense of the Group increased by RMB160,757 thousand to RMB580,077 thousand for the Year from RMB419,320 thousand in 2013, and the effective income tax rate of the Group increased to 22.68% for 2014 from 19.09% for 2013. Such increase was mainly attributable to the decrease in income tax expense of the Group in 2013 as a result of the setoff of taxations with partial loss incurred in disposal of property, plant and equipment in the previous financial years by Cangzhou Bohai as permitted by local tax authority in June 2013.

(10) Net profit

Net profit of the Group in 2014 amounted to RMB1,977,306 thousand, representing an increase of RMB200,640 thousand or 11.29% as compared with our net profit in 2013 (RMB1,776,666 thousand). Our net profit attributable to owners of the parent company for 2014 amounted to RMB1,980,145 thousand, representing an increase of RMB215,783 thousand or 12.23% as compared with that of RMB1,764,362 thousand in 2013.

For 2014, net profit margin of the Group was approximately 27.37%, representing an increase of 2.66% from approximately 24.71% in 2013.

(11) Earnings per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent company for 2014 by the weighted average number of ordinary Shares in issue during 2014. Earnings per Share of the Group for 2014 amounted to RMB0.39, representing a decrease of 4.88% from RMB0.41 for 2013. Please refer to Note III. 16 of this results announcement for the calculation of earnings per Share.

(12) Capital structure, cash flows and financial resources

The Group's funds are mainly used for investment, operating costs, construction of berths and repayment of loans. The Group primarily relied on funds generated from operations and bank loans for our working capital requirement.

During 2014, net cash inflows of the Group amounted to RMB-2,635,117 thousand, representing a decrease of approximately RMB4,729,586 thousand as compared with the net cash inflows in 2013 (RMB2,094,469 thousand). Such decrease was mainly resulted from that the Group received proceeds from the Global Offering of RMB3,453,528 thousand in 2013, as well as the dividends distribution and payment of terminal construction fees in 2014.

During 2014, net cash inflow generated from operating activities was RMB2,983,811 thousand, representing an increase of RMB114,616 thousand or 3.99% as compared with the net cash inflows in 2013 (RMB2,869,195 thousand). Such increase was mainly attributable to the sum of cash inflows from sales of goods and provision of services during 2014 and the initial compensation received for staff settlement issues involved in the closure of our coal stevedoring operation in the west port area exceeded the increase in payment to employees and taxes.

During 2014, the net cash inflows from investing activities was RMB-3,172,428 thousand, representing a decrease of RMB927,597 thousand or 41.32% from RMB -2,244,831 thousand in 2013. Such decrease was mainly attributable to: (1) the payment of terminal construction fees by the Group for 2014; (2) equity investments conducted by the Group; and (3) the Group received a government grant for the transfer of public infrastructure in 2013.

During the Year, the net cash inflow from financing activities was RMB-2,479,954 thousand, representing a decrease of RMB3,967,002 thousand or 266.77% from RMB1,487,048 thousand in 2013. Such decrease was mainly because the Group received proceeds from the Global Offering of RMB3,453,528 thousand in 2013.

Due to the above reasons, the Group held a balance of cash and cash equivalents of approximately RMB2,902,240 thousand for 2014, representing a decrease of RMB2,635,117 thousand or 47.59% from RMB5,537,357 thousand in 2013.

As at 31 December 2014, the gearing ratio (total liabilities divided by total assets) of the Group was 52.31%, decreased by 3.07% as compared with the gearing ratio of 55.38% as at 31 December 2013, which was mainly attributable to the significant decrease in construction fee payables and the increase in owners' equity.

The table below sets forth the summary of the statement of consolidated cash flow of the Group for the periods indicated:

	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
Net cash flows generated from operating activities	**2,983,811**	2,869,195
Net cash flows generated from investing activities	**(3,172,428)**	(2,244,831)
Net cash flows generated from financing activities	**(2,479,954)**	1,487,048
Net increase in cash and cash equivalents	**(2,635,117)**	2,094,469
Cash and cash equivalents at the beginning of year	**5,537,357**	3,442,887
Cash and cash equivalents at the end of year	**2,902,240**	5,537,357
Loans	**11,010,089**	10,763,459
Gearing ratio	**52.31%**	55.38%

(13) Exchange rate risks

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

(14) Management of working capital

	31 December 2014	31 December 2013
Current ratio	**0.70**	0.76
Quick ratio	**0.63**	0.74
Turnover days of trade receivables	**10.04**	8.80
Turnover days of trade payables	**9.57**	8.02

As at 31 December 2014, current ratio of the Group was 0.70, representing a decline as compared with the current ratio of 0.76 as at 31 December 2013. The decline was mainly due to repayment of bank borrowings, payment of construction fees and funds used in foreign investment with currency funds during the 2014. The turnover days of trade receivables for the 2014 were 10.04 days, representing an increase of 1.24 days as compared with the turnover days of trade receivables of 8.80 days for 2013; whereas the turnover days of trade payables for the 2014 were 9.57 days, representing an increase of 1.55 days as compared with the turnover days of trade payables of 8.02 days for 2013.

(15) Overview of major investments

During 2014, the Group made the following substantial acquisitions or investments regarding its subsidiaries or associated companies:

(1) On 11 April 2014, the Company entered into the Articles of Association (the "**Articles of HPG Finance**") with Hebei Port Group Co., Ltd. ("**HPG**", the Controlling Shareholder of the Company), for the establishment of Hebei Port Group Finance Co., Ltd. ("**HPG Finance**"), a joint venture. According to the Articles of HPG Finance, the total registered capital of HPG Finance is RMB500 million, among which, RMB200 million and RMB300 million are contributed by the Company and HPG, respectively, representing 40% and 60% of the total registered capital of HPG Finance. HPG Finance was established on 10 July 2014;

(2) On 15 April 2014, the Group entered into the Cooperation Agreement of the Sixth Coal Terminal Project of 50 Million Tonnes in Tangshan Caofeidian Port Area (《唐山曹妃甸港區第六個5,000萬噸煤炭碼頭項目合作協議書》), with Tangshan Caofeidian Port Co., Ltd. (唐山曹妃甸港口有限公司), and agreed to establish a project company for the construction of the sixth 50-million tonnes coal terminal project in Tangshan Caofeidian Port area. The initial registered capital of the project company is RMB50 million, of which RMB49.50 million would be paid by the Group. 99% of equity interests in the project company were held by the Group. The project company was established on 7 August 2014;

(3) On 22 April 2014, the Group entered into the Cooperation Agreement of the Crude Oil Terminal Project in the Bulk Cargo Area of Huanghua Port (《黃驊港散貨港區原油碼頭項目合作協議書》) with Cangzhou Port Group Ltd. (滄州港務集團有限公司), and agreed to establish a project company for the construction of the crude oil berth project in the bulk cargo area of Huanghua Port. The initial registered capital of the project company was RMB50 million of which RMB32.50 million would be paid by the Group, holding 65% of its interest. The project company was established on 25 April 2014; and

(4) On 7 August 2014, the Company entered into the Joint Venture Contract of Bohai Jin-Ji Port Investment and Development Company Limited (《渤海津冀港口投資發展有限公司合資經營合同》) (the "**JV Contract**") with Tianjin Port (Group) Co., Ltd.* (天津港(集團)有限公司) ("**Tianjin Port Group**"), for the establishment of Bohai Jin-Ji Port Investment and Development Company Limited* (渤海津冀港口投資發展有限公司) ("**Bohai Port Investment**"). Pursuant to the requirements of the JV Contract, the total registered capital of Bohai Port Investment will be RMB2 billion. Each of the Group and Tianjin Port Group will contribute RMB1 billion, representing 50% of the total registered capital of Bohai Port Investment, respectively. Bohai Port Investment was established on 8 August 2014.

(III) Prospects

The Group is committed to becoming a world leading port operator and comprehensive logistical service provider. The Group intends to pursue the following strategies to capture future growth opportunities and consolidate the Group's leading position:

I. The Group will proceed with relevant optimizations and rectifications in regard to source structure of coal, strategic cooperation, service offerings and other aspects:

(1) Adhering to the development direction of "Qinhuangdao Port-Caofeidian Port integration" and pursuant to the efficiency first principle, the Group will adjust the type structure of coal in due course according to the working conditions at Qinhuangdao Port and Caofeidian Port and the actual situation of each coal company, so as to guarantee the overall turnaround efficiency. Also, the Group will adhere to "Liucun South-Qindong integration" and gradually accomplish the transfer of small and medium types of coal from Liucun South to Qindong, with a view of ensuring that Liucun South lead in terms of efficiency and Qindong be supplied with adequate source of coal.

(2) Guided by the direction of promoting extensive and low-sulphur sources and according to the principle of matching scale of cargo source with throughput capacity, the Group will reasonably adjust cargo sources from various companies to improve its space utilization rate as well as the overall transshipment rate. Meanwhile, more efforts would be devoted to coal blending business in order to increase the overall transshipment volume of coal at the Port.

(3) The Group will keep on strengthening long-term strategic cooperation with customers and continually increase the proportion of coal under long-term contract in the total volume of seaborne coal, so as to further enhance the Group's transshipment volume of coal.

(4) The Group will strive to improve unloading efficiency, leverage the relatively low-freight rate advantage of railway transportation and attract and maintain new sources with strength in shipment with a view to guarantee the overall orderly and sufficient availability of sources, and grant priority to shippers maintaining a considerable shipment volume in the neighboring ports.

(5) The Group aims to perfect its service offerings and improve the standards of services, so as to enhance the competitiveness of its services. In this connection, the Group is committed to ensure the quality of its services including coal blending, mechanized sampling and coal sprinkling, and to further standardize the operation of coal blending, mechanized sampling and scientific coal sprinkling, with a view of further enhancing customer's confidence and satisfaction on us.

II. Following the completion of the renovation project of "relocation of the western port", the Group will take full advantage of the standardized equipment and facilities as well as service platform for the eastward expansion of the port to strengthen the mechanism of cargo collection, perfect the management system, intensify the service concept and facilitate the growth in throughput of general cargoes and containers.

III. We will deepen our refined management on business soliciting and production planning. Through judging the market trend of main cargo sources of our Group, we will refine the specific conditions of various categories of cargoes and their owners, endeavor to expand advantages in the competitive position for local logistics sources, concentrate on several selected kinds of cargoes, form our own characteristic and implement refined management on the operation processes of handling by single vessel as well as the operation processes of cargo collection and distribution. Meanwhile, the Group will, based on an accurate knowledge of operation information of the whole processes, achieve good inter-connection among trucks, vessels and cargoes and reasonable deployment of space and positions, optimize production planning and operation process, in order to improve operational efficiency and service quality.

IV. The Group intends to optimize stevedoring process by streamlining the operation process and arranging machinery and manpower in advance, planning preparatory work before operation and reducing non-production operation hours, so as to improve productivity and operational efficiency.

V. The Group proposes to further intensify awareness of service, and strive to provide better services to each of our customers. The Group will regularly solicit opinions and suggestions from customers, analyze problems found in quality management in a prudent manner and take improvement of efficiency and service as the central task of quality management.

OTHER INFORMATION

(I) Repurchase, Disposal and Redemption of Listed Securities

During the Year, neither the Company nor any of its subsidiaries repurchased, disposed of or redeemed any listed securities of the Company.

(II) Model Code

The Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and supervisors of the Company to regulate the securities transactions made by the Directors and supervisors of the Company. Upon specific enquiries by the Company, all the Directors and supervisors of the Company confirmed that they have complied with the provisions of the Model Code during the Year.

(III) Compliance with Corporate Governance Code

During the Year, the Company has continued to improve and optimize its internal control system in order to implement sound corporate governance.

During 2014, the Company had been complying with the applicable provisions of the Corporate Governance Code, except for Code Provision A.6.7, pursuant to which, independent non-executive Directors and non-executive Directors should attend general meetings.

During 2014, since Mr. Zheng Yunming, a non-executive Director, and Mr. Hong Shanxiang, Mr. Shi Rongyao and Ms. Yu Shulian, the independent non-executive Directors, were absent from the general meeting of the Company held on 6 June 2014 due to other business engagement.

(IV) Use of Proceeds from the Global Offering

Since 12 December 2013, H Shares of the Company have been listed and traded on the Stock Exchange. The net proceeds from the Global Offering received by the Company, after deduction of related expenses, was HK$3,748.92 million, the uses of which were in line with the uses disclosed in the Prospectus during the Year.

(V) Final Dividends

The Board recommended the payment of final dividends for 2014 at RMB0.35 (tax inclusive) per Share to the Shareholders of the Company. If the profit distribution plan was approved by the Shareholders at the Annual General Meeting, the final dividends would be distributed by 9 August 2015 to Shareholders whose names appear on the register of members of the Company as at 8 July 2015. In accordance with the Articles of Association of the Company, dividends of the Domestic Shares are to be declared and paid in RMB, whereas dividends of the H Shares are to be declared in RMB and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China one week immediately preceding the date of the annual general meeting to be held on 9 June 2015.

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of final dividends as enterprise income tax, distribute the final dividends to non-resident enterprise shareholders, i.e. any shareholders who hold the Company's Shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups.

Due to changes in the PRC tax laws and regulations, according to the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents issued by the State Administration of Taxation on 4 January 2011, individual shareholders who hold the Company's H Shares and whose names appeared on the H Share Register of the Company can no longer be exempted from individual income tax pursuant to the Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (Guo Shui Fa [1993] No. 045) issued by the State Administration of Taxation, whilst pursuant to the letter titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Stock Exchange to the issuers on 4 July 2011 and the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 of State Administration of Taxation (Guo Shui Han [2011] No. 348), it is confirmed that the overseas resident individual shareholders holding shares of domestic non-foreign invested enterprises issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax arrangements between the countries where they reside and China or the tax arrangements between China and Hong Kong (Macau). Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified in the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and the relevant procedures as specified by the relevant regulations.

(VI) Closure of Register of Members

The AGM for 2014 of the Company will be held on Tuesday, 9 June 2015. In order to determine the holders of H Shares who will be entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Sunday, 10 May 2015 to Tuesday, 9 June 2015 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares of the Company to qualify for attending the AGM for 2014, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 8 May 2015.

Subject to the approval of the resolution regarding the declaration of dividends at the AGM for 2014, dividends will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on 8 July 2015. The register of the Company will be closed from Friday, 3 July 2015 to Wednesday, 8 July 2015 (both days inclusive), during which period no transfer of shares will be registered. In order for the holders of H Shares of the Company to qualify for receiving the final dividends, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Thursday, 2 July 2015. The Company has no obligation and will not be responsible for confirming the identities of the Shareholders. The Company held no liability in respect of any claims arising from any delay in, or inaccurate determination of the identity of the Shareholders or any disputes over the mechanism of withholding.

The Board is not aware that any Shareholder has waived or agreed to waive any dividends.

(VII) Audit Committee

The Audit Committee of the Company has reviewed the annual results for 2014 and the financial statements for the year ended 31 December 2014 of the Group prepared under the China Accounting Standards for Business Enterprises.

(VIII) Auditors

The Company has appointed Ernst & Young Hua Ming LLP as the auditor of the Company and to audit the financial statements for the Year.

(IX) Events after the Reporting Period

On 12 January 2015, the Company held the first extraordinary general meeting of 2015, at which the following resolutions were passed:

1. The resolution regarding the entering into of the Financial Services Framework Agreement with HPG Finance, the acceptance of the financial services to be provided thereunder and the proposed annual caps;

2. The resolution regarding the appointment of Mr. Tian Yunshan (田雲山) as an executive Director of the Company and the authorisation granted to the Board for determining his remuneration;

3. The resolution regarding the cessation of appointment of Ernst & Young Certified Public Accountants as the Company's international auditor; and

4. The resolution regarding the amendments to the Articles of Association.

(X) Publication of Annual Results and Annual Report

This announcement of results for 2014 will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.qhdport.com). In accordance with the requirements under the Listing Rules applicable to 2014, the 2014 annual report containing all information about the Company set out in this preliminary announcement of results for the year ended 31 December 2014 will be dispatched to our Shareholders and published on the websites of the Stock Exchange and the Company.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"AGM" or "Annual General Meeting"	the annual general meeting or any adjourned meetings of the Company to be held at 10:00 a.m. on Tuesday, 9 June 2015 at Holiday Inn, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC
"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board

"berth"	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
"Board of Directors" or "Board"	the board of directors of the Company
"bulk cargo"	loose commodity cargo that is transported in volume or size
"Cangzhou Bohai"	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on 31 October 2007, with 95.93% of its equity interest held by the Company
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
"Caofeidian Shiye"	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company incorporated in the PRC with limited liability on 4 September 2002, with 35% of its equity interest held by our Company
"Company" or "the Company"	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Director(s)"	director(s) of our Company
"Domestic Share(s)"	ordinary share(s) of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"dry bulk"	solid commodity cargo comprised of major dry bulk (coal, metal ore and grain) and other dry bulk commodities such as sugar, cement and fertilizer
"GDP"	gross domestic product
"Global Offering"	the issuance of H Shares of our Company by way of Hong Kong public offering and international offering in 2013
"Group", "the Group", "us" or "we"	the Company and all of its subsidiaries (unless the context otherwise requires)
"harbor"	a port of haven where ships may anchor
"Hebei SASAC"	State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province (河北省人民政府國有資產監督管理委員會)

"HK$" or "Hong Kong dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPG" or "Controlling Shareholder"	Hebei Port Group Co., Ltd. (河北港口集團有限公司), previously known as Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司), holds 61.72% equity interest of the Company
"HPG Finance"	Hebei Port Group Finance Company Limited (河北港口集團財務有限公司), a joint venture held as to 40% and 60% by the Company and HPG respectively
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and listed and to deal in, on the Stock Exchange
"Huanghua Port"	Huanghua Port in Cangzhou City, Hebei Province
"Listing"	Listing of our H Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"PRC" or "China"	the People's Republic of China which, for the purpose of this annual report, excludes Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated 29 November 2013 in connection with the Global Offering
"Qinhuangdao Port"	Qinhuangdao Port in Qinhuangdao City, Hebei Province
"RMB" or "Renminbi"	the lawful currency of the PRC
"Share(s)"	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"terminal"	a major construction of a harbor which is designated for mooring vessels, loading and unloading cargoes and boarding travelers

"TEU"	a box made of aluminum, steel or fiberglass and used to transport by ship, rail or barge. The standardized dimension (i.e one TEU) is 20 feet in length, eight feet six inches in height and eight feet in width
"2013"	the year ended 31 December 2013
"2014" or "the Year"	the year ended 31 December 2014
"throughput"	a measure of the volume of cargo handled by a port. Where cargoes are transshipped, each unloading and loading process is measured separately as part of throughput

By order of the Board
Qinhuangdao Port Co., Ltd.*
XING Luzhen
Chairman

Qinhuangdao, Hebei Province, the PRC
23 March 2015

As at the date of this announcement, the executive Directors of the Company are XING Luzhen, TIAN Yunshan, WANG Lubiao and MA Xiping; the non-executive Directors of the Company are ZHAO Ke, LI Jianping and DUAN Gaosheng; and the independent non-executive Directors of the Company are SHI Rongyao, YU Shulian, ZHAO Zhen and LI Man Choi.

* *For identification purpose only*