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)

2015 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

– For the Reporting Period, our revenue amounted to RMB3,474,429 thousand, representing a decrease of RMB24,189 thousand or approximately 0.69% as compared with the revenue of RMB3,498,618 thousand for the corresponding period of 2014.

– For the Reporting Period, we recorded the gross profit of RMB1,534,833 thousand, representing a decrease of RMB4,700 thousand or 0.31% as compared with the gross profit of RMB1,539,533 thousand for the corresponding period of 2014. Our gross profit margin for the Reporting Period was 44.18%, representing an increase of approximately 0.18% as compared with 44.00% for the corresponding period of 2014.

– For the Reporting Period, our net profit amounted to RMB929,815 thousand, representing an increase of RMB16,739 thousand or 1.83% from RMB913,076 thousand for the corresponding period of 2014. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB927,466 thousand, representing an increase of RMB15,530 thousand or 1.70% from RMB911,936 thousand for the corresponding period of 2014.

– For the Reporting Period, our earnings per Share amounted to RMB0.1844, representing an increase of 1.71% from RMB0.1813 for the corresponding period of 2014.

The Board announces the unaudited consolidated results of the Group for the Reporting Period prepared pursuant to the relevant requirements of the Listing Rules, together with the comparative figures for the corresponding period of 2014.

* *For identification purpose only*

UNAUDITED CONSOLIDATED BALANCE SHEET

30 June 2015
RMB

Assets	*Note*	**30 June 2015 (unaudited)**	31 December 2014
Current assets			
Cash and bank balances		**3,724,538,510.57**	3,095,475,670.05
Bills receivable	*1*	**84,770,306.56**	75,817,721.80
Dividends receivable		**172,429,181.18**	–
Accounts receivable	*2*	**227,689,207.69**	208,103,086.57
Other receivables		**39,118,020.18**	42,704,201.60
Prepayments		**15,299,031.00**	6,911,273.14
Inventories	*3*	**203,626,819.80**	199,661,932.26
Other current assets		**187,073,664.39**	154,165,982.46
Total current assets		**4,654,544,741.37**	3,782,839,867.88
Non-current assets			
Long-term equity investments		**1,441,654,603.48**	1,471,034,416.26
Available-for-sale financial assets		**710,376,014.95**	710,376,014.95
Investment properties		**6,360,250.00**	6,434,350.00
Fixed assets	*4*	**11,401,086,976.89**	11,817,708,396.92
Construction in progress	*5*	**9,486,665,541.33**	9,254,680,699.09
Intangible assets		**947,992,794.53**	940,241,413.05
Long-term prepaid expenses		**524,098.68**	141,850.09
Deferred tax assets		**145,431,243.75**	148,024,801.70
Other non-current assets		**7,507,380.55**	5,296,916.60
Total non-current assets		**24,147,598,904.16**	24,353,938,858.66
Total assets		**28,802,143,645.53**	28,136,778,726.54

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2015
RMB

Liabilities and shareholders' equity	*Note*	**30 June 2015 (unaudited)**	31 December 2014
Current liabilities			
Short-term borrowings	*6*	**1,153,828,079.35**	1,553,906,160.15
Accounts payable	*7*	**127,383,406.46**	104,744,909.38
Deposits received	*8*	**593,728,370.02**	540,266,224.40
Employee benefits payable		**100,359,842.50**	85,539,203.98
Taxes payable	*9*	**87,846,321.12**	211,107,564.45
Interest payable		**17,659,408.25**	20,391,078.80
Dividends payable		**1,760,294,485.38**	1,141.91
Other payables		**1,924,435,159.07**	2,430,213,492.95
Non-current liabilities due within one year		**607,151,587.21**	469,214,800.00
Total current liabilities		**6,372,686,659.36**	5,415,384,576.02
Non-current liabilities			
Long-term borrowings	*10*	**9,477,197,989.76**	8,986,967,656.50
Deferred income		**308,632,295.03**	316,651,178.29
Total non-current liabilities		**9,785,830,284.79**	9,303,618,834.79
Total liabilities		**16,158,516,944.15**	14,719,003,410.81
Shareholders' equity			
Share capital		**5,029,412,000.00**	5,029,412,000.00
Capital reserve		**4,506,903,112.81**	4,506,903,112.81
Other comprehensive income		**(697,922.36)**	–
Special reserve		**34,467,514.56**	21,544,992.62
Surplus reserve		**884,205,714.39**	884,205,714.39
Retained profit		**965,814,061.97**	1,798,642,550.46
Total equity attributable to shareholders of the parent		**11,420,104,481.37**	12,240,708,370.28
Minority interests		**1,223,522,220.01**	1,177,066,945.45
Total shareholders' equity		**12,643,626,701.38**	13,417,775,315.73
Total liabilities and shareholders' equity		**28,802,143,645.53**	28,136,778,726.54

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015
RMB

	Note	**For the six months ended 30 June 2015 (unaudited)**	For the six months ended 30 June 2014 (unaudited)
Revenue	11	**3,474,429,018.16**	3,498,617,683.97
Less: Operating costs	11	**1,939,595,524.49**	1,959,084,302.71
Business tax and surcharges		**17,418,856.81**	17,416,969.91
Selling expenses		**44,333.92**	4,900.70
Administrative expenses		**383,564,562.03**	382,092,491.30
Financial costs	12	**152,047,648.94**	156,593,210.15
Asset impairment loss		**83,021.85**	(5,444,134.48)
Add: Investment income	13	**171,042,591.98**	168,207,972.94
Including: investment income from associates and joint ventures		**108,613,410.80**	105,402,484.33
Operating profit		**1,152,717,662.10**	1,157,077,916.62
Add: Non-operating income	14	**42,472,030.82**	22,174,009.96
Including: gain on disposal of non-current assets		**827,209.64**	872,000.12
Less: Non-operating expenses		**6,502,403.34**	12,410,372.77
Including: losses on disposal of non-current assets		**6,252,034.79**	12,250,372.77
Total profit		**1,188,687,289.58**	1,166,841,553.81
Less: income tax expenses	15	**258,872,511.29**	253,765,598.07
Net profit		**929,814,778.29**	913,075,955.74
Net profit attributable to shareholders of the parent		**927,465,711.51**	911,936,036.50
Minority interests		**2,349,066.78**	1,139,919.24

UNAUDITED CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months ended 30 June 2015
RMB

	Note	**For the six months ended 30 June 2015 (unaudited)**	For the six months ended 30 June 2014 (unaudited)
Other comprehensive income, net of tax			
Other comprehensive income attributable to shareholders of the parent, net of tax			
Other comprehensive income that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign currency denominated financial statements		**(697,922.36)**	–
Other comprehensive income attributable to minority shareholders, net of tax		**–**	–
Total comprehensive income		**929,116,855.93**	913,075,955.74
Including:			
Total comprehensive income attributable to shareholders of the parent		**926,767,789.15**	911,936,036.50
Total comprehensive income attributable to minority shareholders		**2,349,066.78**	1,139,919.24
Earnings per share			
Basic and diluted earnings per share	*16*	**0.18**	0.18

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
30 June 2015

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 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.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope is consistent with that of previous year save for the subsidiaries newly established during the accounting period for the six months ended 30 June 2015.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with "Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the Ministry of Finance, thus they do not include all the information and disclosures in the audited financial statements for the year ended 2014. Therefore, these interim financial statements should be read together with the financial statements of the Group for the year ended 2014 prepared pursuant to the accounting standards for business enterprises.

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.

* *For identification purpose only*

III. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax ("VAT")	–	The Group is subject to VAT at tax rate of 17% on the taxable sales. The VAT payable is determined by the output VAT net of deductible input VAT for the current period.
	–	From 1 August 2013, according to the Circular on Tax Policies in the Nationwide Pilot Practice of Levying VAT in Lieu of Business Tax on the Transportation Industry and Some Modern Services Industries (關於在全國開展交通運輸業和部份現代服務業營業稅改徵增值稅試點稅收政策的通知), which was jointly published by the Ministry of Finance and the State Administration of Taxation on 27 May 2013, the Group's related port service revenues are taxable to VAT which replaces business taxation. The applicable tax rate is 6%, and is levied after deducting deductible input VAT for the current period.
Business tax	–	It is levied at 3% – 5% of the taxable business turnover.
City maintenance and construction tax	–	It is levied at 7% of VAT and business tax paid actually.
Enterprise income tax	–	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences.
Property tax	–	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income of the properties.

2. Tax Preferences

Enterprise income tax

In accordance with the Corporate Income Tax Law of the PRC and the Implementation Rules of the Corporate Income Tax Law of the PRC (Decree of the State Council No. 512), as recognised by the office of State Administration of Taxation of Cangzhou Huanghuagang Development Zone, Cangzhou Bohai Port Co., Ltd., a subsidiary of the Group, is eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by this company from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for a tax exemption for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year (being 2010) in which the project first generates operating income.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bills Receivable

	30 June 2015 (unaudited)	31 December 2014
Commercial acceptance notes	**5,326,709.00**	5,259,181.00
Bank acceptance notes	**79,443,597.56**	70,558,540.80
	84,770,306.56	75,817,721.80

As at 30 June 2015, no bills receivable of the Group was pledged (31 December 2014: nil).

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

	30 June 2015 (unaudited)		31 December 2014	
	Derecognised	**Not derecognised**	Derecognised	Not derecognised
Bank acceptance notes	**1,470,000.00**	**–**	10,458,063.03	–

2. Accounts Receivable

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

An ageing analysis of the accounts receivable is as follows:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year	**186,543,064.26**	193,664,524.88
1 to 2 years	**56,081,440.70**	26,003,621.74
2 to 3 years	**–**	–
Over 3 years	**1,655,441.05**	1,655,441.05
	244,279,946.01	221,323,587.67
Provision for bad debts	**(16,590,738.32)**	(13,220,501.10)
	227,689,207.69	208,103,086.57

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

	Opening balance in the period/year	Provision in the current period/year	Decrease in the current period/year: Reversal	Decrease in the current period/year: Write-off	Closing balance in the period/year
For the six months ended 30 June 2015 (unaudited)	13,220,501.10	3,370,237.22	–	–	16,590,738.32
2014	12,858,380.85	1,010,285.57	(644,106.17)	(4,059.15)	13,220,501.10

	30 June 2015 (unaudited)				31 December 2014			
	Balance		**Provision for bad debts**		Balance		Provision for bad debts	
	Amount	**Percentage (%)**	**Amount**	**Percentage (%)**	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	**186,543,064.26**	**76.36**	**9,333,956.94**	**5**	193,664,524.88	87.50	8,986,865.71	5
1 to 2 years	**56,081,440.70**	**22.96**	**5,601,340.33**	**10**	26,003,621.74	11.75	2,578,194.34	10
2 to 3 years	**–**	**–**	**–**	**–**	–	–	–	–
Over 3 years	**1,655,441.05**	**0.68**	**1,655,441.05**	**100**	1,655,441.05	0.75	1,655,441.05	100
	244,279,946.01	**100.00**	**16,590,738.32**		221,323,587.67	100.00	13,220,501.10	

As at 30 June 2015 and 31 December 2014, 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 by method of ageing analysis.

3. Inventories

	30 June 2015 (unaudited)			31 December 2014		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Materials	**79,653,322.76**	**–**	**79,653,322.76**	93,717,523.41	–	93,717,523.41
Fuels	**9,787,834.76**	**–**	**9,787,834.76**	10,059,532.13	–	10,059,532.13
Spare parts	**107,182,880.16**	**–**	**107,182,880.16**	92,745,132.74	–	92,745,132.74
Low-cost consumables	**1,906,646.06**	**–**	**1,906,646.06**	1,993,475.35	–	1,993,475.35
Finished goods	**5,096,136.06**	**–**	**5,096,136.06**	1,146,268.63	–	1,146,268.63
	203,626,819.80	**–**	**203,626,819.80**	199,661,932.26	–	199,661,932.26

4. Fixed Assets

For the six months ended 30 June 2015 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2015	2,782,995,709.25	7,407,358,422.30	7,392,679,632.52	449,199,834.91	205,217,783.99	18,237,451,382.97
Purchase	–	–	35,994.27	119,578.32	129,491.82	285,064.41
Transferred from construction in progress	2,058,583.00	23,636,065.07	100,165,622.95	6,818,282.26	1,962,441.23	134,640,994.51
Transferred to construction in progress due to renovation and retrofitting	–	–	(28,051,621.00)	–	–	(28,051,621.00)
Disposal for the period	–	–	(32,948,705.01)	(2,113,341.00)	(269,164.00)	(35,331,210.01)
30 June 2015	2,785,054,292.25	7,430,994,487.37	7,431,880,923.73	454,024,354.49	207,040,553.04	18,308,994,610.88
Accumulated depreciation						
1 January 2015	776,363,119.63	1,142,514,070.84	4,074,273,916.21	267,541,986.52	150,393,417.70	6,411,086,510.90
Provision for the period *(Note)*	64,241,729.19	148,244,017.38	300,933,512.34	20,804,747.65	9,174,842.11	543,398,848.67
Transferred to construction in progress due to renovation and retrofitting	–	–	(26,575,475.98)	–	–	(26,575,475.98)
Disposal for the period	–	–	(26,352,673.01)	(2,049,940.77)	(256,110.97)	(28,658,724.75)
30 June 2015	840,604,848.82	1,290,758,088.22	4,322,279,279.56	286,296,793.40	159,312,148.84	6,899,251,158.84
Provision for impairment						
1 January 2015 and 30 June 2015	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Carrying amounts of fixed assets						
30 June 2015	1,944,449,443.43	6,140,236,399.15	3,101,032,493.97	167,727,561.09	47,641,079.25	11,401,086,976.89

31 December 2014

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2014	2,493,844,446.75	6,897,063,716.60	7,134,954,311.26	545,403,232.58	202,001,126.91	17,273,266,834.10
Purchase	–	–	55,100.00	1,201,018.00	1,152,943.40	2,409,061.40
Transferred from construction in progress	303,032,264.50	511,242,645.70	281,059,070.92	11,898,876.44	9,818,367.09	1,117,051,224.65
Transferred to construction in progress due to renovation and retrofitting	(3,308,139.00)	–	(2,524,933.62)	–	–	(5,833,072.62)
Foreign investments transferred out	–	–	–	(89,815,434.11)	–	(89,815,434.11)
Decrease due to disposal of subsidiaries	–	–	–	(495,000.00)	(2,997,808.51)	(3,492,808.51)
Disposal for the year	(10,572,863.00)	(947,940.00)	(20,863,916.04)	(18,992,858.00)	(4,756,844.90)	(56,134,421.94)
31 December 2014	2,782,995,709.25	7,407,358,422.30	7,392,679,632.52	449,199,834.91	205,217,783.99	18,237,451,382.97
Accumulated depreciation						
1 January 2014	655,047,925.17	866,191,757.23	3,483,657,124.30	255,868,795.42	139,143,541.16	5,399,909,143.28
Provision for the year *(Note)*	128,221,164.85	276,407,149.67	606,169,767.14	48,537,111.24	17,708,940.72	1,077,044,133.62
Transferred to construction in progress due to renovation and retrofitting	(3,208,894.83)	–	(1,258,976.29)	–	–	(4,467,871.12)
Foreign investments transferred out	–	–	–	(18,194,992.59)	–	(18,194,992.59)
Decrease due to disposal of subsidiaries	–	–	–	(283,547.31)	(1,920,360.00)	(2,203,907.31)
Disposal for the year	(3,697,075.56)	(84,836.06)	(14,293,998.94)	(18,385,380.24)	(4,538,704.18)	(40,999,994.98)
31 December 2014	776,363,119.63	1,142,514,070.84	4,074,273,916.21	267,541,986.52	150,393,417.70	6,411,086,510.90
Provision for impairment						
1 January 2014 and 31 December 2014	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Carrying amounts of fixed assets						
31 December 2014	2,006,632,589.62	6,264,844,351.46	3,309,836,566.11	181,657,848.39	54,737,041.34	11,817,708,396.92

Note: For the six months ended 30 June 2015, depreciation of RMB1,121,696.44 (2014: RMB2,973,458.90) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 30 June 2015, the Group has no fixed assets which were temporarily idle (31 December 2014: nil).

Fixed assets leased out under operating leases are as follows:

	30 June 2015 (unaudited)	31 December 2014
Terminal facilities	**865,538,946.16**	947,966,814.92
Machinery and equipment	**23,364,525.18**	20,140,333.85
Buildings	**16,586,992.34**	17,774,574.50
Vessels and transportation equipment	**–**	52,407.00
Office and other equipment	**9,258.34**	–
	905,499,722.02	985,934,130.27

5. Construction in Progress

	30 June 2015 (unaudited)			31 December 2014		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	**4,680,507,620.04**	**–**	**4,680,507,620.04**	4,535,296,611.47	–	4,535,296,611.47
Phase 2 of coal terminal project in Caofeidian	**4,440,426,848.08**	**–**	**4,440,426,848.08**	4,313,504,767.56	–	4,313,504,767.56
Commencing project of complex port zone in Huanghua Port	**213,065,563.51**	**–**	**213,065,563.51**	201,654,577.63	–	201,654,577.63
Construction project of wind-proof net for coal stacking yards	**91,947,053.00**	**–**	**91,947,053.00**	94,021,567.00	–	94,021,567.00
Renovation project for reutilization of wastewater with dust	**13,953,619.38**	**–**	**13,953,619.38**	13,996,250.62	–	13,996,250.62
System retrofitting of dumpers for Phase Four coal project	**4,011,130.18**	**–**	**4,011,130.18**	8,468,571.93	–	8,468,571.93
Reinforcing renovation for structures of terminals	**–**	**–**	**–**	8,051,858.07	–	8,051,858.07
Stackers for Phase Three coal project	**–**	**–**	**–**	35,957,093.28	–	35,957,093.28
Others	**42,753,707.14**	**–**	**42,753,707.14**	43,729,401.53	–	43,729,401.53
Total	**9,486,665,541.33**	**–**	**9,486,665,541.33**	9,254,680,699.09	–	9,254,680,699.09

Management of the Company is of the opinion that no provision for impairment of construction in progress was necessary as at the balance sheet date.

For the six months ended 30 June 2015 (unaudited)

	Budget	Opening balance	Increase in the period	Transferred from fixed assets during the period	Transferred to fixed assets and intangible assets during the period	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	4,313,504,767.56	127,288,701.04	–	(366,620.52)	4,440,426,848.08	Loans from financial institutes and self-owned capital	83
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	4,535,296,611.47	145,529,982.92	–	(318,974.35)	4,680,507,620.04	Funds raised, loans from financial institutes and self-owned capital	81
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	201,654,577.63	11,477,652.55	–	(66,666.67)	213,065,563.51	Loans from financial institutes and self-owned capital	87
Reinforcing renovation for structures of terminals	57,600,000.00	8,051,858.07	11,641,914.00	–	(19,693,772.07)	–	Self-owned capital	100
Stackers for Phase Three coal project	54,000,000.00	35,957,093.28	8,031,462.25	–	(43,988,555.53)	–	Self-owned capital and other resources	100
Construction project of wind-proof net for coal stacking yards	378,000,000.00	94,021,567.00	2,224,546.00	–	(4,299,060.00)	91,947,053.00	Self-owned capital	64
System retrofitting of dumpers for Phase Four coal project	425,000,000.00	8,468,571.93	17,263,599.58	–	(21,721,041.33)	4,011,130.18	Loans from financial institutes, self-owned capital and other resources	83
Renovation project for reutilization of wastewater with dust	32,020,000.00	13,996,250.62	1,147,902.94	–	(1,190,534.18)	13,953,619.38	Self-owned capital	47
Others	6,222,893,500.00	43,729,401.53	40,798,562.45	1,476,145.02	(43,250,401.86)	42,753,707.14		
Total	25,944,935,045.73	9,254,680,699.09	365,404,323.73	1,476,145.02	(134,895,626.51)	9,486,665,541.33		

	Budget	Opening balance	Increase in the year	Transferred from fixed assets during the year	Transferred to fixed assets and intangible assets during the year	Decrease due to deposal of subsidiaries	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	3,978,761,760.34	335,780,461.60	–	(1,037,454.38)	–	4,313,504,767.56	Loans from financial institutes and self-owned capital	80
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	3,407,203,680.44	1,129,717,828.78	–	(1,624,897.75)	–	4,535,296,611.47	Funds raised, loans from financial institutes and self-owned capital	78
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	776,362,061.20	712,469,909.05	–	(1,287,177,392.62)	–	201,654,577.63	Loans from financial institutes and self-owned capital	87
Reinforcing renovation for structures of terminals	57,600,000.00	23,258,583.00	11,535,247.00	–	(26,741,971.93)	–	8,051,858.07	Self-owned capital	60
Stackers for Phase Three coal project	54,000,000.00	22,463,994.95	13,493,098.33	–	–	–	35,957,093.28	Self-owned capital and other resources	67
Construction project of wind-proof net for coal stacking yards	378,000,000.00	12,706,146.00	81,315,421.00	–	–	–	94,021,567.00	Self-owned capital	63
Renovation of water sprinkler for Phase Four coal project and expansion project of stacking yards	25,710,000.00	12,189,415.00	10,667,753.74	–	(22,857,168.74)	–	–	Self-owned capital	89
Gantry crane with bucket	15,000,000.00	9,401,709.36	2,504,736.40	–	(11,906,445.76)	–	–	Self-owned capital	79
First project of oil pipeline renovation	13,440,000.00	8,770,092.57	4,213,870.43	–	(12,983,963.00)	–	–	Self-owned capital	97
System retrofitting of dumpers for Phase Four coal project	425,000,000.00	4,862,811.43	12,298,548.00	–	(8,692,787.50)	–	8,468,571.93	Loans from financial institutes, self-owned capital and other resources	78
Renovation project for reutilization of wastewater with dust	32,020,000.00	320,500.00	13,675,750.62	–	–	–	13,996,250.62	Self-owned capital	44
Others	697,303,495.73	17,007,720.85	77,312,487.07	1,365,201.50	(47,214,673.93)	(4,741,333.96)	43,729,401.53		
Total	20,473,495,041.46	8,273,308,475.14	2,404,985,112.02	1,365,201.50	(1,420,236,755.61)	(4,741,333.96)	9,254,680,699.09		

For the six months ended 30 June 2015 (unaudited)

	Progress of project	**Accumulated amounts of capitalised interest**	**Including: capitalised interest for the period**	**Ratio of capitalised interest for the period**
Commencing project of complex port zone in Huanghua Port	**87%**	**540,325,004.64**	**–**	**–**
Phase 2 of coal terminal project in Caofeidian	**83%**	**530,114,322.75**	**85,004,831.36**	**5.37%-7.05%**
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	**81%**	**284,159,079.64**	**80,732,252.18**	**5.65%-6.84%**
		1,354,598,407.03	**165,737,083.54**	

31 December 2014

	Progress of project	Accumulated amounts of capitalised interest	Including: capitalised interest for the year	Ratio of capitalised interest for the year
Commencing project of complex port zone in Huanghua Port	87%	540,325,004.64	14,634,966.89	5.54%-5.90%
Phase 2 of coal terminal project in Caofeidian	80%	445,109,491.39	160,354,052.98	5.90%-6.88%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	78%	203,426,827.46	113,610,305.74	6.00%-7.21%
		1,188,861,323.49	288,599,325.61	

6. Short-term Borrowings

	30 June 2015 (unaudited)	31 December 2014
Unsecured borrowings	**1,153,828,079.35**	1,553,906,160.15

As at 30 June 2015, the interest rate of the above borrowings ranged from 3.78% to 6.00% per annum (31 December 2014: 3.78% to 6.70%).

As at 30 June 2015, the Group has no outstanding short-term borrowings falling due (31 December 2014: nil).

7. Accounts Payable

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

An ageing analysis of accounts payable is as follows:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year	**112,678,228.10**	93,382,003.82
1 to 2 years	**8,546,725.01**	4,172,957.29
2 to 3 years	**974,381.00**	2,654,108.65
Over 3 years	**5,184,072.35**	4,535,839.62
	127,383,406.46	104,744,909.38

As at 30 June 2015, the Group has no significant accounts payable ageing more than 1 year (31 December 2014: nil).

8. Deposits Received

	30 June 2015 (unaudited)	31 December 2014
Port handling fees	**587,985,565.90**	536,732,836.56
Weighing fees	**5,395,833.72**	2,954,443.64
others	**346,970.40**	578,944.20
	593,728,370.02	540,266,224.40

As at 30 June 2015, the Group had no significant deposits received ageing more than 1 year (31 December 2014: nil).

9. Taxes Payable

	30 June 2015 (unaudited)	31 December 2014
Value-added tax	**21,180,374.87**	16,561,910.19
Business tax	**31,038.46**	863,673.18
Enterprise income tax	**61,079,218.47**	179,920,962.31
Urban maintenance and construction tax	**1,485,464.41**	1,221,640.29
Education surcharge	**1,061,045.99**	872,600.13
Individual income tax	**2,967,955.77**	11,658,882.79
Others	**41,223.15**	7,895.56
	87,846,321.12	211,107,564.45

10. Long-term Borrowings

	30 June 2015 (unaudited)	31 December 2014
Unsecured borrowings	**10,084,349,576.97**	9,456,182,456.50
Less: long-term borrowings due within one year	**607,151,587.21**	469,214,800.00
Non-current portion	**9,477,197,989.76**	8,986,967,656.50

As at 30 June 2015, the interest rate of the above borrowings ranged from 5.09% to 7.05% per annum (31 December 2014: 5.54% to 7.21%).

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

	30 June 2015 (unaudited)	31 December 2014
Within 1 year (including 1 year)	**607,151,587.21**	469,214,800.00
Within 2 years (including 2 years)	**1,386,118,898.92**	502,754,200.00
Within 2 to 5 years (including 5 years)	**3,549,728,599.39**	1,737,294,311.00
Over 5 years	**4,541,350,491.45**	6,746,919,145.50
	10,084,349,576.97	9,456,182,456.50

11. Operating Revenue and Cost

Revenue, which is 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 of the Group during the year.

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Revenue from the principal operations	**3,471,933,798.63**	3,479,400,849.69
Revenue from other operations	**2,495,219.53**	19,216,834.28
	3,474,429,018.16	3,498,617,683.97

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Cost of the principal operations	**1,934,314,491.09**	1,944,802,930.93
Cost of other operations	**5,281,033.40**	14,281,371.78
	1,939,595,524.49	1,959,084,302.71

Revenue is as follows:

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Revenue from service in relation to coal and relevant products	**2,697,817,206.32**	2,790,604,837.31
Revenue from service in relation to metal ore and relevant products	**416,470,146.76**	343,759,474.51
Revenue from service in relation to general and other cargoes	**115,883,518.11**	108,071,504.34
Revenue from container service	**60,654,890.37**	55,216,858.47
Revenue from service in relation to liquefied cargoes	**54,889,922.24**	52,897,111.98
Revenue from others	**128,713,334.36**	148,067,897.36
	3,474,429,018.16	3,498,617,683.97

12. Financial Cost

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Interest expenses	**341,319,749.69**	334,830,684.56
Including: interest on bank loans		
repayable within 5 years	**201,413,303.75**	171,480,757.03
interest on other loans	**139,906,445.94**	163,349,927.53
Less: interest income	**23,784,275.59**	6,940,153.34
Less: capitalised interest	**165,737,083.54**	141,985,569.83
Foreign exchange loss/(gain)	**38,314.58**	(29,632,392.79)
Others	**210,943.80**	320,641.55
	152,047,648.94	156,593,210.15

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

13. Investment Income

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Dividend income on holding available-for-sale financial assets	**62,429,181.18**	62,805,488.61
Long-term equity investment income accounted for under the equity method	**108,613,410.80**	105,402,484.33
Including: investment income from associates	**108,071,601.81**	105,290,392.47
Investment income from joint ventures	**541,808.99**	112,091.86
	171,042,591.98	168,207,972.94

All of the above investment income of the Group was derived from non-listing investment.

14. Non-operating Income

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Gain on disposal of non-current assets	**827,209.64**	872,000.12
Including: gain on disposal of fixed assets	**827,209.64**	872,000.12
Government grants	**41,295,323.26**	21,148,223.65
Others	**349,497.92**	153,786.19
	42,472,030.82	22,174,009.96

Government grants credited to profit or loss for the current period are as follows:

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)	Related to assets/income
Retrofitting of contingency coal storage depot	**9,075,000.00**	9,087,500.00	Related to assets
Container subsidy	**–**	7,622,900.00	Related to income
Special environmental subsidy	**4,726,883.26**	3,802,091.60	Related to assets
Employment subsidy *(Note)*	**27,410,040.00**	–	Related to income
Others	**83,400.00**	635,732.05	
	41,295,323.26	21,148,223.65	

Note: Pursuant to the Opinion on the Use of Unemployment Insurance Benefits and Employment Subsidy (《關於使用失業保險金援企穩崗的意見》) (Ji Zheng Ban Han [2014] No. 18) issued by the General Office of the People's Government of Hebei Province, the Notice on Relevant Issues Concerning Carrying out the Implementation Opinion on Unemployment Insurance Benefits and Employment Subsidy (《關於貫徹落實<關於做好失業保險金援企穩崗工作的實施意見>有關問題的通知》) (Qin Ren She [2014] No. 184) promulgated by the Bureau of Human Resources & Social Securities of Qinhuangdao and the Notice on the 2014 Unemployment Insurance Benefits and Employment Subsidy Policy Applicable to 46 Enterprises including Shouqin Metal Materials Co., Ltd. (《關於首秦金屬材料有限公司等46家企業享受2014年失業保險援企穩崗政策的通知》) (Qin Zheng Han [2015] No. 2) promulgated by the General Office of the People's Government of Hebei Province, the relevant government subsidy received and recognised by the Group for the six months ended 30 June 2015 amounted to RMB27,410,040.00 (for the six months ended 30 June 2014: nil).

15. Income Tax Expense

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Current income tax expenses	**256,278,953.34**	238,032,628.55
Deferred income tax expenses	**2,593,557.95**	15,732,969.52
	258,872,511.29	253,765,598.07

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

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Total profit	**1,188,687,289.58**	1,166,841,553.81
Income tax expenses calculated at the statutory tax rate	**297,171,822.40**	291,710,388.45
Effect of different tax rates of subsidiaries	**629,079.15**	–
Income not subject to tax	**(15,607,295.30)**	(15,701,372.15)
Investment income from associates and joint ventures	**(27,153,352.70)**	(26,350,621.09)
Expenses not deductible for tax	**1,057,245.83**	3,178,334.01
Utilising deductible losses not recognised in previous years	**(1,948,841.81)**	–
Unrecognised deductible losses	**561,668.65**	7,343,494.62
Unrecognised deductible temporary difference	**781,541.00**	–
Adjustments in respect of income tax of previous periods	**626,250.29**	(11,257,405.69)
Others	**2,754,393.78**	4,842,779.92
Income tax expenses calculated at the Group's effective tax rate	**258,872,511.29**	253,765,598.07

16. Earnings per Share

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

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

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	**927,465,711.51**	911,936,036.50
Shares		
Weighted average number of ordinary shares in issue of the Company	**5,029,412,000.00**	5,029,412,000.00

For the six months ended 30 June 2015, the Company had no dilutive potential ordinary shares in issue (for the six months ended 30 June 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Industry Overview

During the Reporting Period, the PRC's economy saw a slow downward momentum, but has shown some signs of stability since May 2015. Given this background, in the first half of 2015, the pace of ports development shifted from slowdown to becoming stable while the growth in throughput of cargoes in ports slowed down, achieving an increase of approximately 2.5% as compared with the corresponding period in 2014, and the throughput of containers in ports of the PRC reached approximately 103 million TEU, representing an increase of approximately 6.2% as compared with the corresponding period in 2014.

(Source: the China Ports (中國港口) magazine)

(II) Results of Operational and Financial Performance

(1) Revenue

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

During the Reporting Period, our revenue amounted to RMB3,474,429 thousand, representing a decrease of RMB24,189 thousand or approximately 0.69% as compared to the revenue of RMB3,498,618 thousand for the corresponding period of 2014. The decrease was mainly attributed to the comprehensive effect of the following factors: (1) the decrease in the cargo throughput and the change in the cargo structure of the Group during the Reporting Period; (2) 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 six months ended 30 June					
	2015		2014			
	Revenue *(RMB'000)*	**Percentage of total revenue** *(%)*	Revenue *(RMB'000)*	Percentage of total revenue *(%)*	Increase/ (decrease) *(RMB'000)*	Increase/ (decrease) *(%)*
Dry bulk	**3,114,287**	**89.63**	3,134,364	89.59	(20,077)	(0.64)
– Coal	**2,697,817**	**77.65**	2,790,605	79.76	(92,788)	(3.33)
– Metal ores	**416,470**	**11.98**	343,759	9.83	72,711	21.15
Oil and liquefied chemicals	**54,890**	**1.58**	52,897	1.51	1,993	3.77
Container	**60,655**	**1.75**	55,217	1.58	5,438	9.85
General and other cargoes	**115,884**	**3.34**	108,072	3.09	7,812	7.23
Others	**128,713**	**3.70**	148,068	4.23	(19,355)	(13.07)
Total	**3,474,429**	**100.00**	3,498,618	100.00	(24,189)	(0.69)

(2) Operating Costs

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

During the Reporting Period, our operating costs amounted to RMB1,939,596 thousand, representing a decrease of RMB19,488 thousand or 0.99% from RMB1,959,084 thousand for the corresponding period of 2014. Such decrease was mainly due to: (1) the decrease in power and fuel costs, environmental protection and sewage charges, consumption of low-cost consumables and materials due to the decrease in the throughput in the corresponding period; and (2) the increase in labor costs arising from the increase in social insurance expenses.

(3) Gross Profit Margin

During the Reporting Period, our gross profit[#] amounted to RMB1,534,833 thousand, representing a decrease of RMB4,700 thousand or 0.31% from RMB1,539,533 thousand for the corresponding period of 2014, and our gross profit margin for the Reporting Period was 44.18%, representing an increase of approximately 0.18% as compared with 44.00% for the corresponding period of 2014. Such increase was mainly attributable to the lesser degree of decrease in gross profit as compared with the decrease in revenue during the Reporting Period.

(4) Segment Analysis[1] (Business Review)

During the Reporting Period, the Group achieved a total cargo throughput of 185.85 million tonnes[1], representing a decrease of 4.49 million tonnes or approximately 2.36%, as compared with the throughput of 190.34 million tonnes[1] for the corresponding period of 2014. The throughputs generated from each of the ports which we operate are as follows:

	For the six months ended 30 June					
	2015		2014			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Qinhuangdao Port[2]	**125.08**	**67.30**	130.73	68.68	(5.65)	(4.32)
Caofeidian Port[3]	**41.85**	**22.52**	43.84	23.03	(1.99)	(4.54)
Huanghua Port[4]	**18.92**	**10.18**	15.77	8.29	3.15	19.97
Total	**185.85**	**100.00**	190.34	100.00	(4.49)	(2.36)

During the Reporting Period, the Group achieved a cargo throughput of 125.08 million tonnes[5] in Qinhuangdao Port, representing a decrease of 5.65 million tonnes or approximately 4.32% from 130.73 million tonnes[5] for the corresponding period of 2014. The decrease was mainly due to the fact that the main cargo handled in Qinhuangdao Port was coal, and the coal throughput decreased slightly due to the slowdown of economic growth and sufficient hydropower in southern China. The Group achieved a cargo throughput of 41.85 million tonnes[6] in Caofeidian Port, representing a decrease of 1.99 million tonnes or approximately

\# *Gross profit is revenue less operating cost.*

4.54% from 43.84 million tonnes[6] for the corresponding period of 2014. The decrease was mainly because (1) big berths were newly added in the Tangshan port district for diversion of cargo resources due to the intensified competitions of cargo resources among different ports; and (2) Caofeidian Shiye repaired and reconstructed the equipments in phase 1 of metal ores terminals during the Reporting Period. The Group achieved a cargo throughput of 18.92 million tonnes in Huanghua Port, representing an increase of 3.15 million tonnes or approximately 19.97% from 15.77 million tonnes for the corresponding period of 2014. The increase was mainly because (1) in order to promote throughput growth, Cangzhou Bohai strived to solicit cargoes and actively developed new types of cargoes during the Reporting Period; (2) Cangzhou Bohai has been qualified for custom clearance of international containers and has developed new cargo resources in the international container market of Cangzhou hinterland; (3) benefited from the favorable grain subsidy policy in the PRC, the throughput of exported grain increased by 114% during the Reporting Period as compared with the corresponding period of 2014.

The cargo throughput of each type of cargoes we handled is set out below:

	For the six months ended 30 June					
	2015		2014			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Dry bulk[5]	**171.11**	**92.07**	177.11	93.05	(6.00)	(3.39)
– Coal	**114.87**	**61.81**	121.16	63.66	(6.29)	(5.19)
– Metal ores	**56.24**	**30.26**	55.95	29.39	0.29	0.52
Oil and liquefied chemicals	**3.74**	**2.01**	3.49	1.84	0.25	7.16
Container[6]	**5.85**	**3.15**	4.88	2.56	0.97	19.88
General and other cargoes[7]	**5.15**	**2.77**	4.86	2.55	0.29	5.97
Total[1]	**185.85**	**100.00**	190.34	100.00	(4.29)	(2.36)

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Reporting Period, the Group recorded a total dry bulk throughput of 171.11 million tonnes, representing a slight decrease of 6.00 million tonnes or approximately 3.39% from 177.11 million tonnes for the corresponding period of 2014. The decrease was mainly due to the decrease of coal throughput affected by economic downturn.

During the Reporting Period, the Group achieved a total coal throughput of 114.87 million tonnes, representing a decrease of 6.29 million tonnes or approximately 5.19% from 121.16 million tonnes for the corresponding period of 2014. Such decrease was mainly attributable to the slight decrease of coal throughput affected by the shifting of macro economy from high level growth to medium-to-high level growth and heavy rain in southern China.

During the Reporting Period, the Group achieved a total metal ores throughput of 56.24 million tonnes, representing a slight increase of 0.29 million tonnes or 0.52% from 55.95 million tonnes for the corresponding period of 2014.

(ii) Oil and liquefied chemicals handling services

The Group recorded a total oil and liquefied chemicals throughput of 3.74 million tonnes during the Reporting Period, representing an increase of 0.25 million tonnes or approximately 7.16% from 3.49 million tonnes for the corresponding period of 2014. During the Reporting Period, focusing on crude oil from Daqing, the Company tried its utmost to transport more oil by proactively strengthening communication and coordination with relevant customers. At the same time, the Company proactively cooperated with other customers and fully capitalized the opportunities from the commencement of production of their new oil wells in order to reduce the effect of the decrease in production output of old oil wells, so as to increase its throughput of marine oil.

(iii) Container services

During the Reporting Period, the Group achieved better results in respect of the "dry bulk & general cargoes to containers" reform, expansion of imported cargo resources and stabilization and development of shipping lines. As a result, during the Reporting Period, the Group recorded a total container throughput of 441,039 TEU, equivalent to a throughput of 5.85 million tonnes, representing increases in the number of containers handled and throughput of 68,413 TEU and 0.97 million tonnes, respectively, (i.e. approximately 18.36% and 19.88%, respectively) as compared with the number of containers handled and throughput of 372,626 TEU and 4.88 million tonnes for the corresponding period of 2014, respectively.

(iv) General cargoes handling services

During the Reporting Period, the Group recorded a total throughput of general and other cargoes of 5.15 million tonnes, representing an increase of 0.29 million tonnes or approximately 5.97% from 4.86 million tonnes for the corresponding period of 2014. The growth in general cargoes handling throughput was mainly attributable to the Group's effort in soliciting cargoes in the hinterland, active development of new types of cargoes, and improvement in the handling techniques which increased the handling efficiency.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. Our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services during the Reporting Period. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. During the Reporting Period, the revenue from our ancillary port services and value-added services was RMB103,277 thousand, representing a decrease of 1.02% from RMB104,339 thousand for the corresponding period of 2014.

Notes:

1. Throughput includes that of Caofeidian Shiye. Caofeidian Shiye 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. During the Reporting Period, the throughput of Caofeidian Shiye was 41.85 million tonnes, consisting of 1.63 million tonnes of coal, 39.80 million tonnes of metal ores and 0.42 million tonnes of general cargoes.

2. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 219,348 TEU in Qinhuangdao Port during the Reporting Period.

3. Representing throughput from Caofeidian Shiye.

4. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 221,691 TEU in Huanghua Port during the Reporting Period.

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

6. During the Reporting Period, using TEU as the measuring unit, the Group recorded a containers throughput of 441,039 TEU.

7. General and other cargoes include grain, fertilizer, etc.

(5) Administrative Expenses and Selling Expenses

During the Reporting Period, our total administrative expenses and selling expenses amounted to RMB383,609 thousand, representing an increase of RMB1,512 thousand or approximately 0.40% from RMB382,097 thousand for the corresponding period of 2014. The increase was mainly attributable to: (1) the increase in depreciation and amortization due to the carry-forward of intangible assets by Cangzhou Bohai at the end of 2014; (2) the decrease in managerial expenditure due to the Group's strengthened management.

(6) Financial Costs

During the Reporting Period, our financial costs amounted to RMB152,048 thousand, representing a decrease of RMB4,545 thousand or approximately 2.90% from RMB156,593 thousand for the corresponding period of 2014. The decrease was mainly attributable to the comprehensive effect of the following factors: (1) the year-on-year decrease in interest expenses of the Group arising from the reduction of the RMB loan benchmark rate of financial institutions by the People's Bank of China; (2) the net exchange gains due to foreign exchange rate fluctuations in the corresponding period of 2014; and (3) the year-on-year increase in interest income due to the Group's strengthened capital management and the benefit gained from the establishment of a finance company by HPG.

(7) Investment Income

Our investment income for the Reporting Period amounted to RMB171,043 thousand, representing an increase of RMB2,835 thousand or approximately 1.69% from RMB168,208 thousand for the corresponding period of 2014. The increase was mainly attributable to the confirmation of the year-on-year increase in investment income of Hebei Port Group Finance Company Limited and Tangshan Caofeidian Tugboat Co., Ltd.

(8) Net Non-operating Revenue and Expenses

During the Reporting Period, our net non-operating revenue and expenses amounted to RMB35,970 thousand, representing an increase of RMB26,206 thousand or approximately 268.39% from RMB9,764 thousand for the corresponding period of 2014. The increase was mainly attributable to the receipt of government grants for the unemployment insurance this year.

(9) Income Tax Expense

Income tax expense of the Group increased by RMB5,107 thousand to RMB258,873 thousand for the Reporting Period from RMB253,766 thousand for the corresponding period of 2014. The effective income tax rate of the Group increased to 21.78% for the Reporting Period from 21.75% for the corresponding period of 2014, which remained basically the same.

(10) Net Profit

Net profit of the Group for the Reporting Period amounted to RMB929,815 thousand, representing an increase of RMB16,739 thousand or 1.83% from RMB913,076 thousand for the corresponding period of 2014. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB927,466 thousand, representing an increase of RMB15,530 thousand or 1.70% from RMB911,936 thousand for the corresponding period of 2014.

During the Reporting Period, net profit margin of the Group was approximately 26.76%, representing an increase of 0.66% from approximately 26.10% for the corresponding period of 2014.

(11) Earnings Per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Reporting Period by the weighted average number of ordinary Shares in issue during the Reporting Period. Earnings per Share of the Group for the Reporting Period amounted to RMB0.1844, representing an increase of 1.71% from RMB0.1813 for the corresponding period of 2014. Please refer to Note 16 to the unaudited interim consolidated financial statements 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 the Reporting Period, net cash inflows generated from operating activities were RMB1,430,600 thousand, representing an increase of RMB200,566 thousand or 16.31% from RMB1,230,034 thousand for the corresponding period of 2014. Such increase was mainly attributable to the increase in port handling fees received in advance by the Group during the Reporting Period and the receipt of government grants dedicated for unemployment .

During the Reporting Period, the net cash outflows from investing activities were RMB697,817 thousand, representing a decrease of RMB1,322,849 thousand or 65.47% from RMB2,020,666 thousand for the corresponding period of 2014. Such decrease was mainly attributable to the large payments of terminal construction fees by Cangzhou Huanghuagang Mineral Port Co., Ltd., Tangshan Caofeidian Coal Port Co., Ltd. and Cangzhou Bohai in the corresponding period of 2014.

During the Reporting Period, the net cash inflows from financing activities were RMB-71,884 thousand, representing a decrease of approximately RMB896,184 thousand from RMB824,300 thousand for the corresponding period of 2014. Such decrease was mainly due to the decrease in bank borrowings during the Reporting Period as compared with the corresponding period of 2014 and the payment of expenses for the Global Offering and reduction of state-owned shares in the corresponding period of 2014.

Based on the above, as at 30 June 2015, the Group held a balance of cash and cash equivalents of approximately RMB3,562,323 thousand, representing a decrease of RMB2,038,334 thousand or 36.39% from RMB5,600,657 thousand as at 30 June 2014.

As at 30 June 2015, the gearing ratio (total liabilities divided by total assets) of the Group was 56.10%, decreased by 2.39% as compared with the gearing ratio of 58.49% as at 30 June 2014, which was mainly attributable to the reduction of bank borrowings by the Group during the Reporting Period.

The table below sets forth the summary of the statement of consolidated cash flow of the Group for the Reporting Period:

	For the six months ended 30 June	
	2015	2014
	(RMB'000)	*(RMB'000)*
Net cash generated from operating activities	**1,430,600**	1,230,034
Net cash (used in)/generated from investing activities	**(697,817)**	(2,020,666)
Net cash generated from/(used in) financing activities	**(71,884)**	824,300
Net (decrease)/increase in cash and cash equivalents	**660,083**	63,300
Cash and cash equivalents at the beginning of period/year	**2,902,240**	5,537,357
Cash and cash equivalents at the end of period/year	**3,562,323**	5,600,657

(13) Exchange Rate Risks

The operations of the Group is mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses are settled in RMB.

(14) Pledge of Assets and Contingent Liabilities

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

(15) Management of Working Capital

	30 June 2015	30 June 2014
Current ratio	**0.73**	0.81
Quick ratio	**0.67**	0.78
Turnover days of trade receivables	**11.45**	11.37
Turnover days of trade payables	**10.92**	9.27

As at 30 June 2015, the current ratio and quick ratio of the Group were 0.73 and 0.67, respectively, representing decreases as compared with the current ratio and quick ratio of 0.81 and 0.78, respectively, as at 30 June 2014, which was mainly due to the larger decreases in current assets and quick assets as compared with the decrease in current liabilities mainly arising from repayment of borrowings, payment of construction fees and distribution. The turnover days of trade receivables for the Reporting Period were 11.45 days, representing an increase of 0.08 day from 11.37 days as compared with the corresponding period of 2014, whereas the turnover days of trade payables were 10.92 days, representing an increase of 1.65 days from 9.27 days as compared with the corresponding period of 2014, still at a reasonable level.

(16) Overview of Major Investments

During the Reporting Period, the Group made several investments in its subsidiaries or associated companies, including:

1. On 26 March 2015, Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司), with a share capital of HK$50 million, was established by the Company in Hong Kong and became a wholly-owned subsidiary of the Company.

2. On 24 April 2015, the Company entered into a capital contribution agreement with Tangshan Port Group Co., Ltd.* (唐山港集團股份有限公司), Caofeidian Port Group Co., Ltd.* (曹妃甸港集團有限公司), Tangshan Fengnan Construction Investment Co., Ltd.* (唐山市豐南建設投資有限公司), Tangshan Haiyida Group Co., Ltd.* (唐山海億達集團公司) and Luannan Zuidong Port Enterprise Co., Ltd.* (灤南嘴東港口實業有限公司), for the establishment of Tangshan Port Investment & Development Co., Ltd.* (唐山港口投資開發有限公司) ("**Tangshan Port Investment**"). Pursuant to this capital contribution agreement, the entire registered capital of Tangshan Port Investment is RMB2 billion, among which the Company agreed to contribute RMB1.12 billion, representing 56% of the total registered capital of Tangshan Port Investment. Tangshan Port Investment was established on 5 May 2015 and became a subsidiary of the Company.

(III) Prospects

The Group is committed to developing into a world leading port industrial clusters operator integrating port operator, comprehensive logistics services provider and capital operator. The Group intends to pursue the following strategies to capture future growth opportunities and consolidate the Group's leading position.

* *For identification purpose only*

Firstly, to develop the Company into a world leading port operator and to strengthen our leading position as the world's largest independent port operator for major dry bulk cargo. We plan to continue to enhance our operating efficiency and integrated service capacities at Qinhuangdao Port to strengthen our leading position in coal handling business. We aim to increase our investment in new terminals and double our designated annual throughput capacity in Caofeidian Port in the future. We plan to construct berths specialized for metal ores, oil products and coal in Huanghua Port continuingly and expect our terminals in Huanghua Port to reach a designated annual throughput capacity of over 100 million tonnes in the future.

Secondly, to continue to enhance our integrated port service capabilities and to develop the Company into a leading provider of comprehensive logistics services. We plan to further promote our port logistics services capabilities, including providing more efficient services for transportation, stacking, storage, shipping agency and coal blending. Building upon our existing offering of coal value-added services, we plan to expand the scope of our services and establish a business model that covers the entire coal logistics value chain. We plan to further strengthen our sales network and information systems. Leveraging on the internet thinking, we will promote the development of our operation and management model of "Internet+Port" and find ways to realize service interworking with internet companies and electric business platforms in the next few years, so as to build an intelligent port integrated with innovation.

Thirdly, to improve our capital operation capabilities through various channels and to develop gradually into a capital operator. The Group is going to speed up the pace of the A share listing application, and will strive for accomplishing A share listing and establishing the A+H dual financing platform at the beginning year of the 13th Five Year plan period, so as to secure the Group's medium to long term success in "Going-Out" development, business diversification and improvement of internationalization level of our capital. The Group's domestic and overseas financing platforms will be made good use of to reduce our financing costs.

Fourthly, to continue to strengthen the relationships with our customers and partners to achieve mutual development. We are committed to building strong and long-term relationships with major customers through long-term contracts, jointly-owned entities in terminals and other strategic alliances. We intend to explore business relationships with new customers. Furthermore, we plan to further strengthen our strategic relationships with other coastal ports and the relevant railway departments.

Fifthly, to continue to focus on technology research and development and human resource development to enhance our operational efficiency and core competitiveness. We intend to further intensify our technology innovation, research and development. Furthermore, we intend to further promote the quality of our workforce by improving our recruitment, training system and incentive mechanisms. Through attracting and retaining high quality talents, we will establish a team composed of high caliber talents, with ability to adapt to market changes and promote our corporate development.

Sixthly, building upon our operations in the Bohai Rim, to pursue suitable acquisition opportunities in the PRC and abroad to expand our leading advantage. The Group will prudently invest in projects such as ports in the PRC and abroad where appropriate, in terms of capital, by ways of equity investment, merger and acquisition, etc., in order to further expand our leading advantage in dry bulk cargo operations.

Seventhly, to continue to promote our international brand image. We seek to, through various measures, promote our brand name comprehensively, enhance our brand awareness and recognition, and maximize our values contributing to the society, our Shareholders, our clients and employees, and to develop the Group into a well-known brand name among listed port operating companies.

(IV) Use of Proceeds from the Global Offering

The H Shares of the Company have been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds of the Company from the Global Offering amounted to HK$3,822.76 million. During the Reporting Period, the use of proceeds was in line with that disclosed in the Prospectus.

(V) Events after the Reporting Period

On 6 July 2015, the Board resolved to propose the Company to submit its application to the CSRC and other relevant regulatory authorities, for the issuing and listing of no more than 558,000,000 A Shares on the SSE. The final issue size shall be determined by the Board (as authorized at a general meeting) and the sponsor (lead underwriter) through negotiation according to actual conditions. Only new Shares will be issued under the A Share Issue and there will not be any transfer of Shares held by existing Shareholders. The A Share Issue was approved by the Shareholders at the Second EGM of 2015 held on 20 August 2015. Please refer to the announcement titled "Poll Results of EGM" of the Company dated 20 August 2015 for details.

(VI) Purchase, Sale and Redemption of Listed Securities of the Company

During the Reporting Period, the Company or any of its subsidiaries did not purchase, sell or redeem any shares of the Company.

(VII) Compliance with Corporate Governance Code

During the Reporting Period, the Company has complied with the Corporate Governance Code. So far as the Directors of the Company are aware, there has been no deviation from the provisions of the code.

(VIII) Compliance with the Model Code

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

(IX) Interim Dividends

The Board did not recommend the payment of interim dividends for the six months ended 30 June 2015.

(X) Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of Corporate Governance Code. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2015.

(XI) Publication of Interim Results Announcement and Report

The announcement of the interim results of the Company for the six months ended 30 June 2015 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.portqhd.com/). The interim report of 2015 will be dispatched to our Shareholders on or before 30 September 2015 and will be published on the websites of the Stock Exchange and the Company.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"A Share(s)"	the ordinary share(s) proposed to be issued by the Company under the A Share Issue, which are subscribed for in RMB
"A Share Issue"	the proposed initial public issue of no more than 558,000,000 A Shares by the Company, which will be listed on the SSE
"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"	the board of directors of the Company
"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 the Company
"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

* *For identification purpose only*

"corresponding period of 2014"	the six months ended 30 June 2014
"CSRC"	China Securities Regulatory Commission
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary share(s) of the Company's 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 ores and grain) and other dry bulk commodities such as sugar, cement and fertilizer
"Global Offering"	the issuance of H Shares of the 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)
"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 traded in Hong Kong dollars and listed and dealt in, on the Stock Exchange
"harbour"	a port of haven where ships may anchor
"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"	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, holds 61.72% equity interest of the Company
"Huanghua Port"	Huanghua Port in Cangzhou City, Hebei Province, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

* *For identification purpose only*

"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 announcement, excludes Hong Kong, 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, the PRC
"Reporting Period"	the six months ended 30 June 2015
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Second EGM of 2015"	the extraordinary general meeting (and any adjournment thereof) of the Company held at 10:00 a.m. on Thursday, 20 August 2015 at Holiday Inn, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Shares
"SSE"	The Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company established pursuant to the PRC Company Law
"Terminal"	a major construction of a harbour which is designated for mooring vessels, loading and unloading cargoes and boarding travellers

"TEU" or "container"	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 and six inches in height and eight feet in width
"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
20 August 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 MI Xianwei; and the independent non-executive directors of the Company are LI Man Choi, ZHAO Zhen, ZANG Xiuqing and HOU Shujun.

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