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 2015

FINANCIAL HIGHLIGHTS

– For the Year, our revenue amounted to RMB6,889,894 thousand, representing a decrease of 4.61% as compared with the last year.

– For the Year, our net profit amounted to RMB1,346,362 thousand, representing a decrease of 31.91% as compared with the last year.

– For the Year, our net profit attributable to owners of the parent company amounted to RMB1,344,490 thousand, representing a decrease of 32.10% as compared with the last year.

– The Board recommended a final dividend of RMB0.15 per Share (before tax) to Shareholders for the Year.

The Board is pleased to announce the audited financial statements of the Group for the year ended 31 December 2015 prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2014.

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET
31 December 2015
RMB

	Note IV	31 December 2015	31 December 2014
Assets			
Current Assets			
Cash and bank balances		**2,483,302,306.65**	3,095,475,670.05
Bills receivable	*1*	**83,760,965.06**	75,817,721.80
Accounts receivable	*2*	**178,236,586.19**	208,103,086.57
Prepayments		**5,347,566.22**	6,911,273.14
Interests receivable		**24,225.00**	–
Other receivable		**19,316,925.30**	42,704,201.60
Inventories	*3*	**197,221,032.56**	199,661,932.26
Other current assets		**198,769,174.41**	154,165,982.46
Total current assets		**3,165,978,781.39**	3,782,839,867.88
Non-current assets			
Available-for-sale financial assets		**710,376,014.95**	710,376,014.95
Long-term equity investments		**1,505,195,201.36**	1,471,034,416.26
Investment properties		**6,286,150.00**	6,434,350.00
Fixed assets	*4*	**11,007,187,787.64**	11,817,708,396.92
Construction in progress	*5*	**9,655,820,466.36**	9,254,680,699.09
Intangible assets		**934,630,231.45**	940,241,413.05
Long-term prepaid expenses		**3,586,952.39**	141,850.09
Deferred tax assets		**175,566,609.12**	148,024,801.70
Other non-current assets		**5,662,384.75**	5,296,916.60
Total non-current assets		**24,004,311,798.02**	24,353,938,858.66
Total assets		**27,170,290,579.41**	28,136,778,726.54

	Note IV	31 December 2015	31 December 2014
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings	*6*	**1,450,000,000.00**	1,553,906,160.15
Accounts payable	*7*	**100,933,703.32**	104,744,909.38
Deposits received	*8*	**387,831,826.28**	540,266,224.40
Employee benefits payable		**117,489,734.18**	85,539,203.98
Taxes payable	*9*	**64,247,956.26**	211,107,564.45
Interest payable		**17,522,440.97**	20,391,078.80
Dividends payable		**2,309.54**	1,141.91
Other payables		**1,438,689,342.57**	2,430,213,492.95
Non-current liabilities due within one year		**679,102,320.56**	469,214,800.00
Total current liabilities		**4,255,819,633.68**	5,415,384,576.02
Non-current liabilities			
Long-term borrowings	*10*	**9,455,851,621.98**	8,986,967,656.50
Long-term employee benefits payable		**65,492,908.50**	–
Deferred income		**352,227,786.10**	316,651,178.29
Total non-current liabilities		**9,873,572,316.58**	9,303,618,834.79
Total liabilities		**14,129,391,950.26**	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		**1,788,437.76**	–
Special reserve		**10,884,608.51**	21,544,992.62
Surplus reserve		**1,015,722,853.98**	884,205,714.39
Retained profit		**1,251,321,607.34**	1,798,642,550.46
Total equity attributable to shareholders of the parent		**11,816,032,620.40**	12,240,708,370.28
Minority interests		**1,224,866,008.75**	1,177,066,945.45
Total shareholders' equity		**13,040,898,629.15**	13,417,775,315.73
Total liabilities and shareholders' equity		**27,170,290,579.41**	28,136,778,726.54

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015
RMB

	Note IV	**2015**	2014
Revenue	*11*	**6,889,894,269.46**	7,223,102,706.10
Less: Operating costs	*11*	**4,078,925,529.15**	4,076,995,871.49
Business tax and surcharges		**35,269,099.09**	35,993,457.68
Selling expenses		**24,168.19**	212,902.51
Administrative expenses		**1,072,525,456.51**	872,947,711.04
Financial costs	*12*	**296,972,798.07**	333,804,159.05
Asset impairment loss		**(15,583,682.92)**	(14,197,745.43)
Add: Investment income	*13*	**238,593,530.24**	237,153,522.85
Including: investment income from associates and joint ventures		**171,912,497.39**	173,457,997.08
Operating profits		**1,660,354,431.61**	2,154,499,872.61
Add: Non-operating income	*14*	**68,487,321.11**	426,494,593.06
Including: Gain on disposal of non-current assets		**3,633,926.03**	4,945,957.55
Less: Non-operating expenses		**15,423,935.82**	23,611,092.34
Including: Losses on disposal of non-current assets		**9,970,696.17**	22,413,179.22
Total profit		**1,713,417,816.90**	2,557,383,373.33
Less: Income tax expenses	*15*	**367,055,676.40**	580,076,900.02
Net profit		**1,346,362,140.50**	1,977,306,473.31
Net profit attributable to shareholders of the parent		**1,344,490,396.47**	1,980,144,727.01
Minority interests		**1,871,744.03**	(2,838,253.70)

	Note IV	**2015**	2014
Other comprehensive income, net of tax			
Other comprehensive income attributable to the owner 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		**1,788,437.76**	–
Other comprehensive income attributable to minority shareholders, net of tax		**–**	–
Total comprehensive income		**1,348,150,578.26**	1,977,306,473.31
Including:			
Total comprehensive income attributable to the owner of the parent		**1,346,278,834.23**	1,980,144,727.01
Total comprehensive income attributable to minority shareholders		**1,871,744.03**	(2,838,253.70)
Earnings per share			
Basic and diluted earnings per share	*16*	**0.27**	0.39

NOTES TO FINANCIAL STATEMENTS
31 December 2015

I. GENERAL INFORMATION OF THE GROUP

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 main operating activities of the Company and its subsidiaries (collectively referred to as the "Group") are: provision of terminal facilities for vessels and provision of port services such as loading and discharging, stacking, warehousing, transportation, container stacking and less than container load services; other port related services such as tugboat service, lease and repair of harbour facilities, equipment and machinery, cargo weighing, freight forwarding, port tallying and provision of power and electrical engineering services; and import and export services of goods. The Group's port services mainly handle coal and metal ores as well as other types of cargo including oil and liquefied chemicals and general cargo and containers.

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

These financial statements have been approved by the board of directors of the Company by resolutions on 23 March 2016. 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

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently by the Ministry of Finance (the "MOF") (collectively referred to as "Accounting Standards for Business Enterprises").

As of 31 December 2015, the Group's net current liabilities amounted to approximately RMB1.09 billion, of which current assets amounted to approximately RMB3.166 billion and current liabilities amounted approximately RMB4.256 billion. In preparing the financial statements, the management have considered the Group's sources of liquidity, and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

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

III. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax (“VAT”)	–	The Group is subject to 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. Income tax rate of overseas subsidiaries is 16.5%.
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

As recognized by the relevant government authorities, Cangzhou Bohai Port Co., Ltd. and Cangzhou Huanghuagang Mineral Port Co., Ltd. are eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by such companies from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for a tax exemption for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bills Receivable

	2015	2014
Commercial acceptance notes	**6,000,000.00**	5,259,181.00
Bank acceptance notes	**77,760,965.06**	70,558,540.80
	83,760,965.06	75,817,721.80

As at 31 December 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:

	2015		2014	
	Derecognised	**Not Derecognised**	Derecognised	Not Derecognised
Bank acceptance notes	**8,250,000.00**	**–**	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.

Ageing analysis of the accounts receivable is usually presented based on relevant invoices and notices of payment, an ageing analysis of the accounts receivable is as follows:

	2015	2014
Within 1 year	**103,126,175.89**	193,664,524.88
1 to 2 years	**89,158,637.28**	26,003,621.74
2 to 3 years	**32,827.71**	–
Over 3 years	**1,655,441.05**	1,655,441.05
	193,973,081.93	221,323,587.67
Less: provision for bad debts of accounts receivable	**15,736,495.74**	13,220,501.10
	178,236,586.19	208,103,086.57

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

	Opening balance in the year	Provision in the current year	Reversal in the current year	Write-off in the current year	Closing balance in the year
2015	**13,220,501.10**	**2,688,797.52**	**(172,802.88)**	**–**	**15,736,495.74**
2014	12,858,380.85	1,010,285.57	(644,106.17)	(4,059.15)	13,220,501.10

	2015				2014			
	Balance		**Provisions for bad debts**		Balance		Provision for bad debts	
	Amount	**Percentage (%)**	**Amount**	**Percentage of Provision (%)**	Amount	Percentage (%)	Amount	Percentage of Provision (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	**103,126,175.89**	**53.17**	**5,157,274.95**	**5**	193,664,524.88	87.50	8,986,865.71	5
1 to 2 years	**89,158,637.28**	**45.96**	**8,913,931.43**	**10**	26,003,621.74	11.75	2,578,194.34	10
2 to 3 years	**32,827.71**	**0.02**	**9,848.31**	**30**	–	–	–	–
Over 3 years	**1,655,441.05**	**0.85**	**1,655,441.05**	**100**	1,655,441.05	0.75	1,655,441.05	100
	193,973,081.93	**100.00**	**15,736,495.74**		221,323,587.67	100.00	13,220,501.10	

As at 31 December 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

	2015			2014		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Material	**79,654,821.21**	**–**	**79,654,821.21**	93,717,523.41	–	93,717,523.41
Fuels	**6,306,216.48**	**–**	**6,306,216.48**	10,059,532.13	–	10,059,532.13
Spare parts	**108,369,833.83**	**–**	**108,369,833.83**	92,745,132.74	–	92,745,132.74
Low-cost consumables	**1,847,101.90**	**–**	**1,847,101.90**	1,993,475.35	–	1,993,475.35
Finished goods	**1,043,059.14**	**–**	**1,043,059.14**	1,146,268.63	–	1,146,268.63
	197,221,032.56	**–**	**197,221,032.56**	199,661,932.26	–	199,661,932.26

4. Fixed Assets

2015

	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	33,046.00	–	125,512.64	2,748,271.84	1,488,189.61	4,395,020.09
Transferred from construction in progress	119,820,908.00	23,681,914.07	113,834,939.31	10,642,060.97	6,641,760.71	274,621,583.06
Transferred to construction in progress due to renovation and retrofitting	–	–	(28,325,969.00)	–	–	(28,325,969.00)
Disposal for the year	–	–	(65,797,835.29)	(4,755,500.00)	(2,062,442.00)	(72,615,777.29)
31 December 2015	2,902,849,663.25	7,431,040,336.37	7,412,516,280.18	457,834,667.72	211,285,292.31	18,415,526,239.83
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 year *(Note)*	127,110,079.06	296,000,040.15	595,499,706.03	41,867,892.92	16,887,894.13	1,077,365,612.29
Transferred to construction in progress due to renovation and retrofitting	–	–	(26,575,475.98)	–	–	(26,575,475.98)
Disposal for the year	–	–	(53,213,324.14)	(4,612,835.00)	(1,962,338.12)	(59,788,497.26)
31 December 2015	903,473,198.69	1,438,514,110.99	4,589,984,822.12	304,797,044.44	165,318,973.71	7,402,088,149.95
Provision for impairment						
1 January 2015	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Write-off in the current year	–	–	(2,406,172.91)	–	–	(2,406,172.91)
31 December 2015	–	–	6,162,977.29	–	87,324.95	6,250,302.24
Carrying amounts of fixed assets						
31 December 2015	1,999,376,464.56	5,992,526,225.38	2,816,368,480.77	153,037,623.28	45,878,993.65	11,007,187,787.64
1 January 2015	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

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
1 January 2014	1,838,796,521.58	6,030,871,959.37	3,642,728,036.76	289,534,437.16	62,770,260.80	11,864,701,215.67

Note: In 2015, depreciation of RMB2,320,935.22 (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 31 December 2015, the Group has no fixed assets which were temporarily idle (31 December 2014: nil).

The carrying amounts of fixed assets leased out under operating leases are as follows:

	2015	2014
Terminal facilities	**842,393,325.64**	888,684,566.68
Machinery and equipment	**25,118,876.98**	19,363,493.09
Buildings	**16,347,134.12**	17,385,105.52
Vessels and transportation equipment	**110,332.47**	52,407.00
Office and other equipment	**8,270.38**	–
	883,977,939.59	925,485,572.29

5. Construction in Progress

	2015			2014		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Phase One of metal ores terminal project in the bulk cargo area of Huanghua Port	**4,713,322,622.32**	**–**	**4,713,322,622.32**	4,535,296,611.47	–	4,535,296,611.47
Phase Two of coal terminal project in Caofeidian	**4,633,263,190.17**	**–**	**4,633,263,190.17**	4,313,504,767.56	–	4,313,504,767.56
Commencing project of complex port zone in Huanghua Port	**220,310,366.09**	**–**	**220,310,366.09**	201,654,577.63	–	201,654,577.63
Construction project of wind-proof net for coal stacking yards	**715,800.00**	**–**	**715,800.00**	94,021,567.00	–	94,021,567.00
Stackers for Phase Three coal project	**–**	**–**	**–**	35,957,093.28	–	35,957,093.28
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	**763,911.18**	**–**	**763,911.18**	8,468,571.93	–	8,468,571.93
Reinforcing renovation for structure of terminals	**–**	**–**	**–**	8,051,858.07	–	8,051,858.07
Wastewater treatment project of Phase One and Phase Two coal project	**16,337,266.00**	**–**	**16,337,266.00**	245,737.70	–	245,737.70
Renovation project for dry fog dust suppression of dumpers	**9,048,197.76**	**–**	**9,048,197.76**	130,220.75	–	130,220.75
Others	**48,105,493.46**	**–**	**48,105,493.46**	43,353,443.08	–	43,353,443.08
Total	**9,655,820,466.36**	**–**	**9,655,820,466.36**	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.

2015

	Budget	Opening balance	Increase in the year	Transferred from fixed asset during the year	Transferred to fixed assets and intangible assets during the year	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase Two of coal terminal Project in Caofeidian	5,428,903,500.00	4,313,504,767.56	321,781,121.05	-	(2,022,698.44)	4,633,263,190.17	Loans from financial institutes and self-owned capital	86
Phase One of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	4,535,296,611.47	179,066,429.65	-	(1,040,418.80)	4,713,322,622.32	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	18,655,788.46	-	-	220,310,366.09	Loans from financial institutes and self-owned capital	87
Reinforcing renovation for structures of terminals	57,600,000.00	8,051,858.07	11,656,708.00	-	(19,708,566.07)	-	Self-owned capital	81
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	81
Construction project of wind-proof net for coal stacking yards	378,000,000.00	94,021,567.00	528,540.00	-	(93,834,307.00)	715,800.00	Self-owned capital	63
System retrofitting of dumpers for Phase Four coal project	425,000,000.00	8,468,571.93	39,714,279.58	-	(47,418,940.33)	763,911.18	Loans from financial institutes, self-owned capital and other resources	88
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
Wastewater treatment project of Phase One and Phase Two coal project	33,790,000.00	245,737.70	16,091,528.30	-	-	16,337,266.00	Self-owned capital	48
Renovation project for dry fog dust suppression of dumpers	19,480,000.00	130,220.75	8,917,977.01	-	-	9,048,197.76	Self-owned capital	46
Others	933,470,750.00	43,353,443.08	68,735,290.53	1,750,493.02	(65,733,733.17)	48,105,493.46		
Total	20,708,782,295.73	9,254,680,699.09	674,327,027.77	1,750,493.02	(274,937,753.52)	9,655,820,466.36		

2014

	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 disposal of subsidiaries	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase Two 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 One 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	Fund 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		

2015

	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**	**–**	**–**
Phase Two of coal terminal Project in Caofeidian	**86%**	**616,015,940.51**	**170,906,449.12**	**4.51%-5.90%**
Phase One of metal ores terminal project in the bulk cargo area of Huanghua Port	**81%**	**360,488,962.60**	**157,062,135.14**	**4.14%-6.84%**
		1,516,829,907.75	**327,968,584.26**	

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 Two of coal terminal project in Caofeidian	80%	445,109,491.39	160,354,052.98	5.90%-6.88%
Phase One 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

	2015	2014
Unsecured borrowings	**1,450,000,000.00**	1,553,906,160.15

As at 31 December 2015, the interest rate of the above borrowings ranged from 3.92% to 4.59% per annum (31 December 2014: 3.78% to 6.70%).

As at 31 December 2015, the Group has no overdue borrowings (31 December 2014: nil).

7. Accounts Payable

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

Ageing analysis of accounts payable is calculated based on the dates of invoices and bills, and an ageing analysis of accounts payable is as follows:

	2015	2014
Within 1 year	**91,756,115.28**	93,382,003.82
1 to 2 years	**2,803,638.78**	4,172,957.29
2 to 3 years	**1,425,165.09**	2,654,108.65
Over 3 years	**4,948,784.17**	4,535,839.62
	100,933,703.32	104,744,909.38

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

8. Deposits Received

	2015	2014
Port handling fees	**383,174,305.31**	536,732,836.56
Weighing fees	**4,619,393.77**	2,954,443.64
Others	**38,127.20**	578,944.20
	387,831,826.28	540,266,224.40

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

9. Taxes Payable

	2015	2014
Value-added tax	**16,337,972.46**	16,561,910.19
Business tax	**626,883.48**	863,673.18
Enterprise income tax	**1,014,273.42**	179,920,962.31
Urban maintenance and construction tax	**1,198,710.91**	1,221,640.29
Education surcharge	**854,455.82**	872,600.13
Individual income tax	**16,470,696.48**	11,658,882.79
Land use tax	**27,741,935.13**	–
Others	**3,028.56**	7,895.56
	64,247,956.26	211,107,564.45

10. Long-term Borrowings

	2015	2014
Unsecured borrowings	**10,134,953,942.54**	9,456,182,456.50
Less: long-term borrowings due within one year	**679,102,320.56**	469,214,800.00
Non-current portion	**9,455,851,621.98**	8,986,967,656.50

As at 31 December 2015, the interest rate of the above borrowings ranged from 4.28% to 6.68% per annum (31 December 2014: 5.54% to 7.21%).

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

	2015	2014
Within 1 year (including 1 year) or payable on demand	**679,102,320.56**	469,214,800.00
Within 2 years (including 2 years)	**1,757,615,441.28**	502,754,200.00
Within 3 to 5 years (including 3 years and 5 years)	**2,712,123,952.04**	1,737,294,311.00
Over 5 years	**4,986,112,228.66**	6,746,919,145.50
	10,134,953,942.54	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.

	2015	2014
Revenue from the principal operations	**6,881,535,434.59**	7,199,701,486.36
Revenue from other operations	**8,358,834.87**	23,401,219.74
	6,889,894,269.46	7,223,102,706.10

	2015	2014
Cost of the principal operations	**4,073,929,342.20**	4,060,205,605.97
Cost of other operations	**4,996,186.95**	16,790,265.52
	4,078,925,529.15	4,076,995,871.49

Revenue is as follows:

	2015	2014
Revenue from service in relation to coal and relevant products	**5,332,183,755.34**	5,716,611,142.27
Revenue from service in relation to metal ore and relevant products	**812,756,414.47**	734,318,083.84
Revenue from service in relation to general and other cargoes	**215,048,479.16**	238,078,708.36
Revenue from container service	**127,252,358.53**	112,975,127.25
Revenue from service in relation to liquefied cargoes	**105,510,641.48**	109,422,359.64
Revenue from others	**297,142,620.48**	311,697,284.74
	6,889,894,269.46	7,223,102,706.10

12. Financial Cost

	2015	2014
Interest expenses	**666,385,181.57**	685,226,516.93
Including: interest on bank loans repayable within 5 years	**442,252,790.12**	296,133,138.95
Less: interest income	**38,670,366.63**	29,415,787.06
Less: capitalised interest	**327,968,584.26**	288,599,325.61
Foreign exchange gain	**(3,228,578.70)**	(35,538,831.74)
Others	**455,146.09**	2,131,586.53
	296,972,798.07	333,804,159.05

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

13. Investment Income

	2015	2014
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	**171,912,497.39**	173,457,997.08
Including: investment income from associates	**172,626,507.32**	172,784,412.57
Investment income from joint ventures	**(714,009.93)**	673,584.51
Investment income arising from disposal of long-term equity investment	**–**	124,957.78
Gain on remaining equity re-measured to fair value upon losing significant influence	**–**	765,079.38
Interest income from wealth management products	**4,251,851.67**	–
	238,593,530.24	237,153,522.85

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

14. Non-operating Income

	2015	2014
Gain on disposal of non-current assets	**3,633,926.03**	4,945,957.55
Including: gain on disposal of fixed assets	**3,633,926.03**	4,945,957.55
Government grants	**60,873,392.97**	69,722,781.92
Relocation compensation	**–**	350,000,000.00
Others	**3,980,002.11**	1,825,853.59
	68,487,321.11	426,494,593.06

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

	2015	2014	Related to assets/income
Retrofitting of contingency coal storage depot	**18,825,000.00**	18,162,500.00	Related to assets
Container subsidy	**–**	40,946,200.00	Related to income
Special environmental subsidy	**13,528,058.85**	7,604,183.20	Related to assets
Employment subsidy *(Note)*	**27,410,040.00**	–	Related to income
Others	**1,110,294.12**	3,009,898.72	
	60,873,392.97	69,722,781.92	

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 twelve months ended 31 December 2015 amounted to RMB27,410,040.00 (for the twelve months ended 31 December 2014: nil).

15. Income Tax Expense

	2015	2014
Current income tax expenses	**394,597,483.82**	566,085,632.76
Deferred income tax expenses	**(27,541,807.42)**	13,991,267.26
	367,055,676.40	580,076,900.02

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

	2015	2014
Total profit	**1,713,417,816.90**	2,557,383,373.33
Income tax expenses calculated at the statutory tax rate	**428,354,454.23**	639,345,843.33
Effect of the effective tax rate of less than 25% on income tax expenses	**(4,451,473.66)**	3,782,851.16
Income not subject to tax	**(15,607,295.30)**	(15,701,372.15)
Investment income from associates and joint ventures	**(42,978,124.35)**	(43,364,499.27)
Expenses not deductible for tax	**3,744,694.81**	2,590,565.49
Utilising deductible losses not recognised in previous years	**(4,355,745.72)**	–
Unrecognised deductible losses	**2,397,649.39**	7,596,939.51
Adjustments in respect of income tax of previous years	**2,696,460.65**	(10,419,013.05)
Deductible temporary difference not recognised	**600,715.84**	(138,307.82)
Others	**(3,345,659.49)**	(3,616,107.18)
Income tax expenses calculated at the Group's effective tax rate	**367,055,676.40**	580,076,900.02

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 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:

	2015	2014
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**1,344,490,396.47**	1,980,144,727.01
Shares		
Weighted average number of ordinary shares in issue	**5,029,412,000.00**	5,029,412,000.00

The Company had no dilutive potential ordinary shares in issue during 2015 (2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Industry Overview

(1) Overview of Port Industry in the PRC

The economy of the PRC entered into "new development state" in 2015. During the transition, port enterprises and enterprises in upstream coal and steel industries were under great pressure on production and operation. In 2015, the throughput of cargoes in coastal ports above designated size reached 7.84 billion tonnes, representing a year-on year increase of 1.0% and a decrease of 4.6% in growth rate as compared with the corresponding period in last year, including the throughput of imported cargoes of 3.25 billion tonnes, representing a year-on-year increase of 0.7% and a decrease of 5.2% in growth rate as compared with the corresponding period in last year.

(2) Overview of Port Coal Industry in the PRC

With the weak demand and supply of coal in 2015, throughput of the ports experienced negative growth. The throughput of coal for domestic trade at major ports in PRC amounted to 0.638 billion tonnes, representing a year-on-year decrease of 5.5%, and a year-on-year decrease in the growth rate of 7.7%. The throughput of coal for domestic trade at major coastal ports amounted to 0.611 billion tonnes, representing a year-on-year decrease of 6.2%.

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

In 2015, overseas large-scale mines seized market shares by their cost advantage, and PRC's reliance on imported metal ores was increasing. However, the growth of imported metal ores was hindered by the sluggish overall demand and recorded a year-on-year decrease during the year.

In 2015, the unloading amount of imported metal ores at major ports in PRC reached 0.879 billion tonnes, representing a year-on-year decrease of 1.0%; the unloading amount of imported metal ores at major coastal ports amounted to 0.877 billion tonnes, representing a year-on-year decrease of 0.3%.

The shipment demand of metal ores for domestic trade failed to maintain the high growth before with obvious suppression. The outward volume of metal ores at major ports experienced negative growth.

(4) Overview of Port Oil Industry in the PRC

Affected by the significant decrease of crude oil price and the increase of crude oil reserves in refineries, oil imports experienced steady growth, resulting in the strong rebound of port oil throughput.

In 2015, the inward volume of imported oil at major coastal ports increased significantly as compared with last year, meanwhile the transshipment volume of imported port oil recorded an overall rebound as compared with last year, particularly in the northern ports where the rebounce trend was obvious.

Sources: Shanghai Shipping Exchange, NDRC website

(II) Results of Operation 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 Year, the revenue of the Group amounted to RMB6,889,894 thousand, representing a decrease of RMB333,209 thousand or approximately 4.61% as compared with the revenue of RMB7,223,103 thousand in 2014. The decrease was mainly attributable to the decrease of revenue due to the decrease of throughput which was affected by the macro economy.

The following table sets forth the revenue generated from each type of cargo we serviced:

	For the year ended 31 December					
	2015		2014			
	Revenue *(RMB' 000)*	**Percentage of total revenue** *(%)*	Revenue *(RMB' 000)*	Percentage of total revenue *(%)*	Increase/ (decrease) *(RMB' 000)*	Increase/ (decrease) *(%)*
Dry bulk	**6,144,940**	**89.19**	6,450,929	89.31	(305,989)	(4.74)
– Coal	**5,332,184**	**77.39**	5,716,611	79.14	(384,427)	(6.72)
– Metal ore	**812,756**	**11.80**	734,318	10.17	78,438	10.68
Oil and liquefied chemicals	**105,511**	**1.53**	109,422	1.51	(3,911)	(3.57)
Container	**127,252**	**1.85**	112,975	1.56	14,277	12.64
General and other cargoes	**215,048**	**3.12**	238,079	3.30	(23,031)	(9.67)
Others	**297,143**	**4.31**	311,698	4.32	(14,555)	(4.67)
Total	**6,889,894**	**100.00**	7,223,103	100.00	(333,209)	(4.61)

(2) Operating Costs

Our operating costs primarily includes labour 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 RMB4,078,926 thousand, which was basically the same as the operating costs of RMB4,076,996 thousand in 2014.

(3) *Gross Profit Margin*

For the Year, the gross profit# of the Group decreased by RMB335,139 thousand to RMB2,810,968 thousand, representing a decrease of 10.65% as compared with RMB3,146,107 thousand in 2014. The gross profit margin of the Group was 40.80% for the Year, representing a decrease of approximately 2.76% as compared with 43.56% in 2014. The decrease was mainly because the decrease of gross profit was higher than that of revenue.

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

During the Year, the Group achieved a total cargo throughput of 370.16 million tonnes[1], representing a decrease of 11.93 million tonnes or approximately 3.12%, as compared with the throughput of 382.09 million tonnes[1] in 2014. The throughputs generated from each of the ports which we operate are as follows:

	For the year ended 31 December					
	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]	**246.55**	**66.61**	266.13	69.65	(19.58)	(7.36)
Caofeidian Port[3]	**80.42**	**21.72**	83.84	21.94	(3.42)	(4.08)
Huanghua Port[4]	**43.19**	**11.67**	32.12	8.41	11.07	34.46
Total	**370.16**	**100.00**	382.09	100.00	(11.93)	(3.12)

During the Year, the Group achieved a cargo throughput of 246.55 million tonnes[2] in Qinhuangdao Port, representing a decrease of 19.58 million tonnes or approximately 7.36% from 266.13 million tonnes[2] for 2014. The decrease was mainly due to the fact that the main cargo handled in Qinhuangdao Port was coal, and affected by the economic downturn, lack of demand for industrial electricity and competition from UHV transmission, hydropower and imported coal, thermal power has been running low and the power plants were generally in low daily consumption and high inventory, which resulted in the continuous low demand for thermal coal.

The Group achieved a cargo throughput of 80.42 million tonnes[3] in Caofeidian Port, representing a decrease of 3.42 million tonnes or approximately 4.08% from 83.84 million tonnes[3] for 2014. The main reasons for the decrease are: as the formalities for operation of Phase One 2# berth of Caofeidian Shiye was not completed, the vessel berthing has been ceased since November 2015 and resulted in the decrease in ore unloading capacity and the production of the Company. Steel manufacturers were in loss and some even ceased operation. The operation rate of blast furnace in Tangshan region further decreased to less than 80%, which resulted in the decrease of imported iron ore. As such, the throughput of the Company was affected.

Gross profit is revenue less operating cost.

The Group achieved a cargo throughput of 43.19 million tonnes[4] in Huanghua Port, representing an increase of 11.07 million tonnes or approximately 34.46% from 32.12 million tonnes[4] for 2014. The increase was mainly because: (1) we continued to strengthen the cargoes solicitation in the hinterland of cargoes and strived to develop new types of cargoes with our port advantage; and (2) we reinforced the seaborne coal business by extending the logistics chain through seaborne coal traffic and took advantage of pendulum transportation to save the cost for the owners of cargoes, thus attracted more iron ore and coal cargoes to the port for loading and unloading.

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

	For the year ended 31 December					
	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]	**341.42**	**92.24**	354.78	92.85	(13.36)	(3.77)
– Coal	**230.41**	**62.25**	245.79	64.33	(15.38)	(6.26)
– Metal ores	**111.01**	**29.99**	108.99	28.52	2.02	1.85
Oil and liquefied chemicals	**7.01**	**1.89**	7.26	1.90	(0.25)	(3.44)
Container[6]	**12.53**	**3.38**	9.67	2.53	2.86	29.58
General and other cargoes[7]	**9.20**	**2.49**	10.38	2.72	(1.18)	(11.37)
Total[1]	**370.16**	**100.00**	382.09	100.00	(11.93)	(3.12)

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Year, the Group recorded a total dry bulk throughput of 341.42 million tonnes, representing a slight decrease of 13.36 million tonnes or approximately 3.77% from 354.78 million tonnes for 2014. The decrease was mainly due to the decrease of coal throughput as a result of the economic downturn.

During the Year, the Group achieved a total coal throughput of 230.41 million tonnes, representing a decrease of 15.38 million tonnes or approximately 6.26% from 245.79 million tonnes for 2014. Such decrease was mainly attributable to (1) the further slowdown in the PRC's economic growth rate in 2015 which affected the energy sector and caused significant compression of overcapacity in energy-intensive and petrochemical industry, and accelerated the development of clean energy and construction of UHV power grid; and the slight decrease in the proportion of thermal power capacity and the decrease of demand for coal consumption; which resulted in the slight decrease of coal throughput in our port; (2) the fact that in 2015, the imported coal of the PRC amounted to 204.06 million tones, which, although represented a significant decrease of imported coal as compared with 2014 and still has certain effect on the domestic trade of coal, such effect was gradually decreasing, and (3) the severe weather condition in 2015 which increased the closure hours of shipping lines of our port due to heavy fog and strong wind as compared with 2014.

During the Year, the Group achieved a total metal ores throughput of 111.01 million tonnes, representing an increase of 2.02 million tonnes or 1.85% from 108.99 million tonnes for 2014. Such increase was mainly due to the commencement of trial operation of Cangzhou Mineral and the fact that Cangzhou Bohai took the advantage of hinterland to devote greater efforts in solicitation of cargoes and gradually enhanced the production efficiency and achieved increase in throughput.

(ii) Oil and liquefied chemicals handling services

The Group recorded a total oil and liquefied chemicals throughput of 7.01 million tonnes during the Year, representing a decrease of 0.25 million tonnes or approximately 3.44% from 7.26 million tonnes for 2014. During the Year, 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. The Daqing crude oil transportation through Tieqin pipeline was stopped at the end of September, which resulted in a relatively large gap in port oil cargoes. In order to fill the gap in pipeline oil, our port focused on offshore oil and crude oil from asphalt plants, coordinated with the customers to increase the transfer amount, meanwhile actively accelerated the declaration and approval for the import and export foreign trade business.

(iii) Container services

During the Year, the Group achieved better results in respect of the "dry bulk & general cargoes to containers" reform, expansion of imported cargo resources, expansion of sea-rail intermodal transportation business and stabilization and development of shipping lines. As a result, during the Year, the Group recorded a total container throughput of 1,002,676 TEU, equivalent to a throughput of 12.53 million tonnes, representing increases in the number of containers handled and throughput of 274,662 TEU and 2.86 million tonnes, respectively, (i.e. approximately 37.73% and 29.58%, respectively) as compared with the number of containers handled and throughput of 728,014 TEU and 9.67 million tonnes for 2014, respectively.

(iv) General cargoes handling services

During the Year, the Group recorded a total throughput of general and other cargoes of 9.20 million tonnes, representing a decrease of 1.18 million tonnes or approximately 11.37% from 10.38 million tonnes for 2014. The decrease in general cargoes handling throughput was mainly attributable to the decrease in transfer amount of general cargoes affected by market demand and intense competition from surrounding ports.

(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 Year. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services.

Note:

1. Throughput includes that of Caofeidian Shiye. Caofeidian Shiye operates terminals in Caofeidian Port and is a non-consolidated associate company of, and is 35% owned by, the Company. The Company is the largest shareholder of Caofeidian Shiye. During the Year, the throughput of Caofeidian Shiye was 80.42 million tonnes, consisting of 3.08 million tonnes of coal, 76.84 million tonnes of metal ores and 0.50 million tonnes of general cargoes.

2. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 500,879 TEU in Qinhuangdao Port during the Year.

3. Representing throughput from Caofeidian Shiye.

4. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 501,797 TEU in Huanghua Port during the Year.

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

6. During the Year, using TEU as the measuring unit, the Group recorded a containers throughput of 1,002,676 TEU.

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

(5) Administrative Expenses and Selling Expenses

During the Year, our total administrative expenses and selling expenses amounted to RMB1,072,550 thousand, representing an increase of RMB199,389 thousand or approximately 22.84% from RMB873,161 thousand for 2014. The increase was mainly attributable to the provision for early retirement salaries to be paid in the year after during the Year.

(6) Financial Costs

During the Year, our financial costs amounted to RMB296,973 thousand, representing a decrease of RMB36,831 thousand or approximately 11.03% from RMB333,804 thousand for 2014. The decrease was mainly attributable to (1) the year-on-year decrease of the Group's interest expense arising from the reduction of the RMB loan benchmark rate of financial institutions by the People's Bank of China; (2) the year-on-year decrease of net exchange gains due to foreign exchange rate fluctuations; (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 Year amounted to RMB238,594 thousand, representing an increase of RMB1,440 thousand or approximately 0.61% from RMB237,154 thousand for 2014. The increase was mainly attributable to the year-on-year increase in investment income of Hebei Port Group Finance Company Limited, our Group’s associated company, which was recognized using equity method.

(8) Net Non-operating Revenue and Expenses

During the Year, our net non-operating revenue and expenses amounted to RMB53,063 thousand, representing a decrease of RMB349,821 thousand or approximately 86.83% from RMB402,884 thousand for 2014. The decrease was mainly attributable to the receipt of an initial compensation for staff settlement involved in the closure of our coal stevedoring operation in the west port area of Qinhuangdao Port last year.

(9) Income Tax Expense

Income tax expense of the Group decreased by RMB213,021 thousand to RMB367,056 thousand for the Year from RMB580,077 thousand for 2014, which was mainly attributable to the decrease of total taxable profit for the Year. The effective income tax rate of the Group decreased to 21.42% for the Year from 22.68% for 2014.

(10) Net Profit

Net profit of the Group for the Year amounted to RMB1,346,362 thousand, representing a decrease of RMB630,944 thousand or 31.91% from RMB1,977,306 thousand for 2014. Our net profit attributable to owners of the parent for the Year amounted to RMB1,344,490 thousand, representing a decrease of RMB635,655 thousand or 32.10% from RMB1,980,145 thousand for 2014. The decrease in net profit was mainly attributable to: 1. receipt of a non-recurring initial compensation of RMB350,000 thousand for staff settlement involved in the closure of our coal stevedoring operation in the west port area of Qinhuangdao Port last year; 2. the non-recurring provision for early retirement benefits of RMB164,295 thousand during the Year; the decrease of revenue of RMB333,209 thousand due to the decrease of throughput [note] for the Year caused by the macro economic downturn; and 4. the change in income tax expense.

Excluding the abovementioned non-recurring material expenses and revenue, our net profit attributable to owners of the parent for the Year amounted to RMB1,467,711 thousand (2014: RMB1,717,645 thousand), representing a decrease of 14.55%.

During the Year, net profit margin of the Group was approximately 19.54%, representing a decrease of 7.83% from approximately 27.37% for 2014.

(11) Earnings Per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Year by the weighted average number of ordinary Shares in issue during the Year. Earnings per Share of the Group for the Year amounted to RMB0.27, representing a decrease of 30.77% from RMB0.39 for 2014. Please refer to Note IV-16 to the financial statements in this results announcement for the calculation of earnings per Share.

Note: For details please refer to the announcement of the Company dated 15 January 2016

(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 Year, net cash inflows generated from operating activities amounted to RMB2,321,238 thousand, representing a decrease of RMB662,573 thousand or 22.21% as compared with the net cash inflows in 2014 (RMB2,983,811 thousand). Such decrease was mainly resulted from the decrease of revenue for the Year and the receipt of an initial compensation for staff settlement involved in the closure of our coal stevedoring operation in the west port area of Qinhuangdao Port last year.

During the Year, net cash outflows generated from investing activities amounted to RMB2,042,456 thousand, representing a decrease of RMB1,129,972 thousand or 35.62% as compared with RMB3,172,428 thousand in 2014. Such decrease was mainly resulted from the decrease in payment of construction fees during the Year.

During the Year, net cash inflows from financing activities amounted to RMB-1,813,707 thousand, representing an increase of approximately RMB666,247 thousand as compared with RMB-2,479,954 thousand in 2014. Such increase was mainly resulted from the decrease in the net increase of bank borrowings as compared with last year.

Due to the above reasons, as at 31 December 2015, the Group held a balance of cash and cash equivalents of approximately RMB1,376,457 thousand, representing a decrease of RMB1,525,783 thousand or 52.57% from RMB2,902,240 thousand as at 31 December 2014.

As at 31 December 2015, the gearing ratio (total liabilities divided by total assets) of the Group was 52.00%, decreased by 0.31% as compared with the gearing ratio of 52.31% as at 31 December 2014.

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

	31 December 2015 *RMB' 000*	31 December 2014 *RMB' 000*
Net cash flow generated from operating activities	**2,321,238**	2,983,811
Net cash flow generated from investing activities	**-2,042,456**	-3,172,428
Net cash generated from financing activities	**-1,813,707**	-2,479,954
Net increase in cash and cash equivalents	**-1,525,783**	-2,635,117
Cash and cash equivalents at the beginning of year	**2,902,240**	5,537,357
Cash and cash equivalents at the end of year	**1,376,457**	2,902,240

(13) Exchange Rate Risks

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

(14) Bank Loans and Other Borrowings

As at 31 December 2015, the details of the Group's bank loans and other borrowings are set out in Notes IV-6 and IV-10 to the financial statements in this results announcement.

(15) Pledge of Assets and Contingent Liabilities

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

(16) Capital Commitment

	2015	2014
	RMB	*RMB*
Contracted, but not provided for		
Capital commitments	**242,837,857.88**	548,694,423.32
Investment commitments	**1,186,670,000.00**	1,146,670,000.00
Total	**1,429,507,857.88**	1,695,364,423.32

(17) Management of Working Capital

	31 December 2015	31 December 2014
Current ratio	**0.74**	0.70
Quick ratio	**0.65**	0.63
Turnover days of trade receivables	**10.23**	10.04
Turnover days of trade payables	**9.20**	9.57

As at 31 December 2015, the Group's current ratio and quick ratio were 0.74 and 0.65, respectively, representing increases as compared with the current ratio of 0.70 and quick ratio of 0.63 on 31 December 2014. The turnover days of trade receivables for 2015 was 10.23 days and the turnover days of trade payables was 9.20 days, representing an increase of 0.19 days as compared with the turnover days of trade receivables of 10.04 days for 2014 and a decrease of 0.37 days as compared with the turnover days of trade payables of 9.57 days for 2014. The above indicators were still within reasonable levels.

(18) Overview of Major Investments

During the Year, the Group made the following investments in its subsidiaries or associated companies:

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 was 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.

3. On 24 July 2015, Cangzhou Huanghuagang Coal Port Co., Ltd.* (滄州黃驊港煤炭港務有限公司), with a registered capital of RMB50 million, was established by the Company and became a wholly-owned subsidiary of the Company.

(III) Prospects

In 2016, the production capacity of Phase Two of coal terminal in Caofeidian of the Company will be further released, and the overall transfer capacity of Qinhuangdao Port Co., Ltd. will increase. Upon the opening of Mengji Railway, stable cargoes supply will be supplied to Phase Two of coal terminal in Caofeidian, which will effectively increase the overall share of Qinhuangdao Port Co., Ltd. in coal market. The Company will further implement the management model of "integration between Qinhuangdao Port and Caofeidian Port", leverage on the respective advantages of Qinhuangdao Port and Phase Two of coal terminal in Caofeidian and refine the linkage mechanism between the two ports in order to maximize the overall throughput capacity of Qinhuangdao Port and Phase Two of coal terminal in Caofeidian.

Meanwhile, the Company will capture the important opportunity of cross-harbour development between Caofeidian Port and Huanghua Port, expand the periphery and reach of the economic hinterland and explore business opportunities and strategic partnerships in newly-developed areas. As the largest steel producer in China, Hebei Province has huge demand for overseas iron ores with high quality. In addition to consolidating the advantage of Qinhuangdao Port on coal transportation, the Company will fully utilize Caofeidian Port and Huanghua Port, establish long-term partnership with overseas exporters of high-quality iron ores to provide abundant of resources to the enterprises in the economic hinterland, adjust the cargoes portfolio while consolidating the existing advantages in order to strive for further development of the Company.

For the next few years, with clear port positioning, the Company will respond to the complicated market environment by building a strong marketing team, establishing the new operating model of "internet + port services", further enhancing the loading and unloading efficiency of the Company, improving the internal production and operation procedures of the Company, actively engaging in dislocation competition with surrounding ports and upgrading the port services functions, with an aim to provide the customers with better and more convenient services.

The Company will continue to strengthen the main business of port services and enhance the ability of creating value for customers. In particular, the Company will: maintain the advantage in coal business, expand the metal ores business and develop a globally leading position in dry bulk business; achieve rapid growth in container business and keep up with the development of advanced ports in the Bohai Rim; and established a regional oil distribution centre. The Company will also implement the cross-harhour development strategy, expand the port services functions and promote international development; extend the logistics services system and improve the capital operation ability to support the transformation and upgrade of ports; promote the integrative development of harbour, industry and city to achieve a harmonious and win-win situation between harbour and city; accelerate the infrastructure construction, continue to enhance the level of technology and equipment and build a green harbour; strengthen the recognition on "talent thriving enterprise" and optimize the human resource structure; improve the quality of information services and build an intelligent harbour so as to achieve leap-forward development of the Company.

OTHER INFORMATION

(I) 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$3,823 million, the use of which was in line with that disclosed in the Prospectus during the Year.

(II) Events after the Reporting Period

Pursuant to the 2015 profit distribution plan based on 5,029,412.000 Shares in issue deliberated at the fourth meeting of the third session of the Board held on 23 March 2016, the Company proposed to pay a cash dividend totaling RMB754,411,800.00 to all Shareholders, which is RMB0.15 per Share (inclusive of applicable tax). The resolution is subject to Shareholder's approval in general meeting.

(III) Repurchase, Sales and Redemption of Listed Securities

During the Year, the Company did not repurchase, sell or redeem any of its Shares.

(IV) 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.

The Company has adopted and complied with all applicable provisions of the Corporate Governance Code. During the Year, 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 the Year, some non-executive Directors and independent non-executive Directors were absent from some/all of the general meetings of the Company during their respective terms of office due to other business engagement.

(V) Compliance with 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 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 relevant period.

(VI) Final Dividends

The Board recommended the payment of final dividends for the Year at RMB0.15 (tax inclusive) per Share to the Shareholders of the Company. If the profit distribution plan is approved by the Shareholders at the Annual General Meeting, the final dividends will be distributed by 16 August 2016 to Shareholders whose names appear on the register of members of the Company as at 15 July 2016. In accordance with the Articles of Association, 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 16 June 2016.

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 and special 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.

(VII) Audit Committee

The Audit Committee of the Company has reviewed the annual results for 2015 and the financial statements for the year ended 31 December 2015 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 domestic auditor of the Company and to audit the financial statements for the Year.

(IX) Publication of Annual Results and Annual Report

This annual results announcement 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 in the Reporting Period, the 2015 annual report containing all information about the Company set out in this preliminary results announcement for the year ended 31 December 2015 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company, respectively.

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 a.m. on Thursday, 16 June 2016 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
"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 as at the date of this announcement

“Cangzhou Mineral”	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company incorporated in the PRC with limited liability on April 2012, with 98.47% of its equity interest hold by the Company as at the date of this announcement.
“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
“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)
“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), 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
"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 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 announcement, 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
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"terminal"	a major construction of a harbour which is designated for mooring vessels, loading and unloading cargoes and boarding travelers
"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
"the Year" or "Reporting Period"	the year ended 31 December 2015
"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 2016

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.

* *For identification purpose only*