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 2019

FINANCIAL HIGHLIGHTS

- The revenue of the Company amounted to RMB6,722,730 thousand for the Year, representing a decrease of 2.24% as compared with the corresponding period of last year.
- The net profit of the Company amounted to RMB828,475.6 thousand for the Year, representing an increase of 19.43% as compared with the corresponding period of last year.
- The net profit attributable to owners of the parent company of the Company amounted to RMB931,247.3 thousand for the Year, representing an increase of 14.93% as compared with the corresponding period of last year.
- The Board recommended a final dividend of RMB0.09 per Share (before tax) to Shareholders for the Year.

The Board is pleased to announce the audited financial statements of the Company for the year ended 31 December 2019 prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2018.

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET
31 December 2019
RMB

	Note IV	**31 December 2019**	31 December 2018
Assets			
Current assets			
Cash and bank balances	*1*	**2,805,072,385.39**	2,607,071,907.64
Bills receivable	*2*	**172,344,886.06**	151,588,176.50
Account receivable	*3*	**81,480,463.58**	68,555,390.54
Prepayments		**10,763,773.91**	10,231,550.85
Other receivables		**47,843,613.54**	30,259,192.87
Inventories	*4*	**186,149,733.94**	191,484,116.15
Assets held for sale		**–**	193,986,794.76
Other current assets		**108,861,397.06**	101,730,209.68
Total current assets		**3,412,516,253.48**	3,354,907,338.99
Non-Current assets			
Long-term equity investments		**2,933,977,826.03**	2,715,291,377.24
Other equity instruments investments		**792,793,162.66**	730,638,543.63
Fixed assets	*5*	**14,386,455,466.64**	15,629,606,304.57
Construction in progress	*6*	**818,663,594.98**	756,714,741.91
Right-of-use asset		**136,087,991.44**	–
Intangible assets		**2,442,851,949.55**	2,375,708,363.99
Long-term prepaid expenses		**67,553,845.97**	1,182,783.93
Deferred income tax assets		**410,276,375.66**	277,591,318.38
Other non-current assets		**78,678,974.13**	117,550,230.49
Total non-current assets		**22,067,339,187.06**	22,604,283,664.14
Total assets		**25,479,855,440.54**	25,959,191,003.13

	Note IV	**31 December 2019**	31 December 2018
Liabilities and shareholders' equity			
Current liabilities			
Short-terms borrowings	*7*	**151,811,497.31**	891,126,629.86
Accounts payable	*8*	**164,642,529.63**	162,505,803.68
Contract liabilities	*9*	**526,176,060.80**	493,959,950.74
Employee benefits payable		**641,772,243.05**	453,048,065.29
Taxes payable	*10*	**136,546,991.12**	208,865,299.36
Other payables		**618,070,938.59**	1,336,042,063.01
Non-current liabilities due within one year		**698,268,300.47**	412,563,247.66
Total current liabilities		**2,937,288,560.97**	3,958,111,059.60
Non-current liabilities			
Long-term borrowings	*11*	**5,883,682,492.98**	6,138,966,492.98
Lease liabilities		**7,521,511.19**	–
Long-term payable		**238,400,000.00**	238,800,000.00
Long-term employee benefits payable		**532,928,001.35**	319,011,081.78
Provisions		**33,860,000.00**	33,860,000.00
Deferred income		**243,113,352.90**	276,743,438.31
Deferred income tax liabilities		**14,779,723.68**	5,241,068.91
Total non-current liabilities		**6,954,285,082.10**	7,012,622,081.98
Total liabilities		**9,891,573,643.07**	10,970,733,141.58
Shareholder's equity			
Share capital		**5,587,412,000.00**	5,587,412,000.00
Capital reserve		**5,207,544,792.61**	5,202,818,808.47
Other comprehensive income		**181,333,327.86**	(1,091,254.83)
Special reserve		**108,030,468.84**	80,726,967.97
Surplus reserve		**1,334,346,000.28**	1,235,538,930.68
Retained profit		**2,191,776,305.79**	1,789,566,768.00
Total equity attributable to Shareholders of the parent		**14,610,442,895.38**	13,894,972,220.29
Minority interests		**977,838,902.09**	1,093,485,641.26
Total shareholders' equity		**15,588,281,797.47**	14,988,457,861.55
Total liabilities and shareholders' equity		**25,479,855,440.54**	25,959,191,003.13

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2019
RMB

	Note IV	**2019**	2018
Revenue	*12*	**6,722,730,009.09**	6,876,632,377.63
Less: Operating costs	*12*	**3,843,805,904.72**	4,019,047,390.38
Tax and surcharges		**368,075,256.82**	361,644,725.14
Selling expenses		**89,828.30**	21,681.76
Administrative expenses		**1,287,074,303.82**	1,230,646,109.40
Research and development expenses		**12,397,156.60**	11,574,245.20
Financial costs	*13*	**301,711,409.91**	316,205,582.88
Including: Interest expense		**339,311,527.11**	348,220,298.63
Interest income		**37,669,730.13**	30,659,370.91
Add: Other income		**41,785,557.25**	38,531,006.44
Investment income	*14*	**187,140,740.17**	86,105,614.62
Including: Investment income from associates and joint ventures		**158,925,364.22**	72,720,649.20
Credit impairment loss		**(809,668.48)**	20,096,411.46
Asset impairment loss		**(64,804,729.51)**	(72,791,190.61)
Gains from the disposal of assets		**16,623,595.61**	3,810,534.08
Operating profits		**1,089,511,643.96**	1,013,245,018.86
Add: Non-operating income	*15*	**7,311,564.04**	18,279,150.95
Less: Non-operating expenses		**3,574,438.03**	3,338,879.08
Total profit		**1,093,248,769.97**	1,028,185,290.73
Less: Income tax expenses	*16*	**264,773,144.01**	334,513,186.16
Net profit		**828,475,625.96**	693,672,104.57
Classified by business continuity			
Net profit from continuing operations		**828,475,625.96**	693,672,104.57
Classified by ownership			
Net profit attributable to shareholders of the parent		**931,247,331.39**	810,263,268.11
Minority interests		**(102,771,705.43)**	(116,591,163.54)

	Note IV	2019	2018
Other comprehensive income, net of tax		**172,467,650.74**	(175,909,520.21)
Other comprehensive income attributable to shareholders of the parent, net of tax		**182,424,582.69**	(167,426,774.75)
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		**141,157,662.38**	–
Changes in fair value of investments in other equity instruments		**38,572,896.21**	(169,444,676.49)
Those other comprehensive income to be reclassified into profit or loss			
Other comprehensive income to be taken to profit or loss using the equity method		**1,702,243.03**	(14,701.42)
Exchange differences on foreign currency translation		**991,781.07**	2,032,603.16
Other comprehensive income attributable to minority shareholders, net of tax		**(9,956,931.95)**	(8,482,745.46)
Total comprehensive income		**1,000,943,276.70**	517,762,584.36
Including:			
Total comprehensive income attributable to shareholders of the parent		**1,113,671,914.08**	642,836,493.36
Total comprehensive income attributable to minority shareholders		**(112,728,637.38)**	(125,073,909.00)
Earnings per share	*17*		
Basic and diluted earnings per share		**0.17**	0.15

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. is a joint stock company with limited liability incorporated in Hebei province, the People's Republic of China on 31 March 2008. The H shares and A shares of QHD Port were listed on The Stock Exchange of Hong Kong Limited on 12 December 2013 and the Shanghai Stock Exchange on 16 August 2017 respectively. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province.

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

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

These financial statements have been approved by the board of directors of QHD Port by resolutions on 27 March 2020.

The consolidation scope of these consolidated financial statements is determined on the basis of control.

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 (collectively referred to as "Accounting Standards for Business Enterprises").

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. Those of disposal group classified as held for sale have been presented at the lower amount of the carrying amount and the fair value less the net amount after disposal expenses. 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 16% on the taxable sales before 1 April 2019. The VAT rate of the Group's taxable income is 13% after 1 April 2019; The Group's related port service revenues are taxable to output VAT at tax rate of 6%, and is levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	–	It is levied at 7% of VAT 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. The tax rate for overseas subsidiaries is 16.5%.
Property tax	–	Property tax on self-occupied properties of the Group is calculated at the applicable tax rate of 1.2% using the tax base of 70% of the initial cost of the properties; lease properties are taxable on the tax base of rental income at the applicable tax rate of 12%.
Land use tax	–	It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer.
Environmental protection tax	–	The taxable amount of the Group's taxable pollutants shall be paid in accordance with the applicable taxable amount stipulated by the Environmental Protection Tax Law.

2. Tax Preferences

Enterprise income tax

According to the Implementation Rules of the PRC Enterprise Income Tax Law (Order No.512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》) (Guo Shui Fa [2009] No.80), Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd., subsidiaries of the Group 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. Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd. first generated their respective operating income in 2014 and 2015, respectively, and started to be entitled to the tax preferences of enterprise income tax. Corporate income tax of the aforesaid companies for the Year is halved.

Land use tax

Pursuant to the Provisional Regulations of the People's Republic of China on Land Use Tax in respect of Urban and Town Land (《中華人民共和國城鎮土地使用稅暫行條例》) (Order No.483 of the State Council) and the Notice of SAT on Preferential Policies on Land Use Tax in respect of Urban and Town Land (《稅務總局城鎮土地使用稅優惠政策的通知》) (Cai Shui [2017] No. 33), the Company and Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd., subsidiaries of the Company, shall pay urban and town land use tax at a reduced 50% of the rate applicable to the standards of such land owned during the Year.

VAT

Pursuant to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform《關於深化增值稅改革有關政策的公告》(Notice [2019] No. 39 from the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs) printed and issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the taxable amount of the Group will be deducted according to the current deductible input VAT plus 10% from 1 April 2019 to 31 December 2021.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	2019	2018
Cash on hand	**27,704.54**	45,370.83
Bank deposits	**2,798,722,280.85**	2,607,026,536.81
Other cash and bank balances	**6,322,400.00**	–
	2,805,072,385.39	2,607,071,907.64
Including: frozen deposits from pending lawsuits	**35,523,116.22**	49,598,181.08
secured bank deposits from bidding deposits	**6,322,400.00**	–
	41,845,516.22	49,598,181.08

As at 31 December 2019, the cash and bank balances deposited overseas by the Group were equivalent to RMB61,962,648.95 (31 December 2018: RMB63,582,115.68).

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

2. Bills Receivable

	2019	2018
Commercial acceptance notes	**172,344,886.06**	148,739,889.50
Bank acceptance notes	**–**	2,848,287.00
	172,344,886.06	151,588,176.50
Less: Provision for bad debts of bills receivable	**–**	–
	172,344,886.06	151,588,176.50

As at 31 December 2019, no bills receivable of the Group was pledged or discounted (31 December 2018: Nil).

As at 31 December 2019, the Group did not transfer any bills receivable to accounts receivable due to non-performance of drawers (31 December 2018: Nil).

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

	2019		2018	
	Derecognized	**Not derecognized**	Derecognized	Not derecognized
Bank acceptance notes	**13,375,481.11**	**–**	14,790,193.25	–

3. 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:

	2019	2018
Within 1 year	**88,727,519.18**	70,829,084.02
1 to 2 years	**147,686.32**	457,910.69
2 to 3 years	**140,716.39**	4,143,694.59
Over 3 years	**3,896,601.43**	5,789,440.23
	92,912,523.32	81,220,129.53
Less: Provision for bad debts of accounts receivable	**11,432,059.74**	12,664,738.99
	81,480,463.58	68,555,390.54

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

	Opening balance	**Provision for the year**	**Reversal during the year**	**Write-off during the year**	**Closing balance**
2019	**12,664,738.99**	**2,822,231.20**	**(4,054,910.45)**	**–**	**11,432,059.74**
2018	34,070,096.58	1,145,132.16	(22,550,489.75)	–	12,664,738.99

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

	2018			
	Balance		Provision for bad debts	
	Amount	Percentage *(%)*	Amount *(%)*	Percentage of provision
Provision for bad debts made by portfolio of credit risk characteristics	81,220,129.53	100	12,664,738.99	16

As at 31 December 2019, the individual provision made by the Group for bad debts of accounts receivable is as follows:

	Carrying amount	Provision for bad debts	Expected credit loss ratio (%)	Reason for provision
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,892,625.54	2,892,625.54	100	Not expected to be recovered

As at 31 December 2018, the Group did not make any individual provision for bad debts of accounts receivable.

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

	2019			2018		
	Estimated balance arising from default	**Expected credit loss ratio (%)**	**Lifetime expected credit loss**	Estimated balance arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	**85,834,893.64**	**5**	**4,465,259.80**	70,829,084.02	5	3,437,663.30
1 to 2 years	**147,686.32**	**42**	**62,202.34**	457,910.69	45	205,553.68
2 to 3 years	**140,716.39**	**82**	**115,370.63**	4,143,694.59	78	3,232,081.78
Over 3 years	**3,896,601.43**	**100**	**3,896,601.43**	5,789,440.23	100	5,789,440.23
	90,019,897.78	**9**	**8,539,434.20**	81,220,129.53	16	12,664,738.99

The provision for bad debts of the Group in 2019 was RMB2,822,231.20 (2018: RMB1,145,132.16) and the recovered or reversed bad debts provision was RMB4,054,910.45 (2018: RMB22,550,489.75).

The Group had no accounts receivable actually written off in 2019 (2018: Nil).

As at 31 December 2019, no accounts receivable of the Group was pledged (31 December 2018: Nil).

As at 31 December 2019, accounts receivable from the five largest customers are as follows:

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

As at 31 December 2018, accounts receivable from the five largest customers are as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	23,930,513.00	29.46	1,295,733.67	5
Suizhong Tianyu Port Shipping Services Co., Ltd. (綏中天予港口船舶服務有限公司)	9,453,327.00	11.64	511,856.73	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,938,877.00	8.54	375,710.15	5
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	6,487,445.39	7.99	5,427,932.56	84
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	5,999,366.00	7.39	324,839.69	5
	52,809,528.39	65.02	7,936,072.80	

4. Inventories

	2019			2018		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Materials	**60,279,175.84**	**4,181,062.02**	**56,098,113.82**	62,786,373.49	4,319,128.82	58,467,244.67
Fuels	**2,489,709.73**	**–**	**2,489,709.73**	4,047,913.88	–	4,047,913.88
Spare parts	**125,992,099.79**	**3,394,019.48**	**122,598,080.31**	128,941,932.15	3,422,881.22	125,519,050.93
Low-cost consumables	**4,258,614.45**	**23,164.93**	**4,235,449.52**	3,459,380.64	25,249.83	3,434,130.81
Finished goods	**728,380.56**	**–**	**728,380.56**	15,775.86	–	15,775.86
	193,747,980.37	**7,598,246.43**	**186,149,733.94**	199,251,376.02	7,767,259.87	191,484,116.15

Change in impairment allowance for inventories is as follows:

2019

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

2018

	Opening balance	Provision for the year	Decrease during the year Reversal	Write-off	Closing balance
Materials	–	4,409,741.30	(75,972.93)	(14,639.55)	4,319,128.82
Spare parts	–	3,434,499.26	(10,836.11)	(781.93)	3,422,881.22
Low-cost consumables	–	25,899.89	(268.52)	(381.54)	25,249.83
	–	7,870,140.45	(87,077.56)	(15,803.02)	7,767,259.87

Note: According to the 19th meeting of the third board of directors of QHD Port held on 30 May 2018, the ore branch of the Company was cancelled. The Company made a provision for impairment of the inventory of the ore branch of RMB7,870,140.45.

5. Fixed Assets

	2019	2018
Fixed assets	**14,386,156,309.03**	15,629,069,875.62
Disposal of fixed assets	**299,157.61**	536,428.95
Fixed assets	**14,386,455,466.64**	15,629,606,304.57

2019

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

Note 1: According to the new leasing standards, as to, the Group reclassified finance leases prior to the initial adoption date to right-of-use assets, based on the original carrying amount of assets acquired under finance lease.

2018

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2018	5,421,413,379.40	8,993,254,112.51	10,118,169,009.29	517,201,010.07	234,284,040.39	25,284,321,551.66
Purchase	–	–	222,413.80	275,775.86	985,130.02	1,483,319.68
Finance lease	131,108,800.00	–	–	–	–	131,108,800.00
Transferred from construction in progress	483,875,250.37	2,278,766.55	122,904,703.33	9,331,530.77	11,498,108.99	629,888,360.01
Reclassification	(1,072,299.18)	1,072,299.18	(1,511,055.37)	–	1,511,055.37	–
Transferred to construction in progress due to renovation and retrofitting	(182,721.00)	–	–	–	–	(182,721.00)
Disposal for the year	(3,317,282.39)	–	(52,166,876.78)	(10,574,858.00)	(7,000,577.48)	(73,059,594.65)
Decrease in final accounts for completed projects for the year	202,060,453.63	(253,811,855.23)	15,321,631.17	(1,088,048.64)	17,335,947.90	(20,181,871.17)
31 December 2018	6,233,885,580.83	8,742,793,323.01	10,202,939,825.44	515,145,410.06	258,613,705.19	25,953,377,844.53
Accumulated depreciation						
1 January 2018	1,225,351,460.44	1,888,851,193.78	5,465,549,467.04	367,481,251.10	177,600,203.35	9,124,833,575.71
Provision for the year *(Note 2)*	236,088,806.88	351,200,686.48	568,029,070.98	27,875,114.47	14,514,070.90	1,197,707,749.71
Reclassification	(1,798,868.55)	(258,056.97)	(327,931.58)	–	2,384,857.10	–
Transferred to construction in progress due to renovation and retrofitting	(55,703.99)	–	–	–	–	(55,703.99)
Disposal for the year	(1,839,422.56)	–	(50,092,414.41)	(10,230,339.20)	(6,786,968.03)	(68,949,144.20)
31 December 2018	1,457,746,272.22	2,239,793,823.29	5,983,158,192.03	385,126,026.37	187,712,163.32	10,253,536,477.23
Provision for impairment						
1 January 2018	–	–	5,676,039.01	–	87,324.95	5,763,363.96
Provision for the year *(Note 2)*	–	–	64,290,520.15	10,132.88	707,474.69	65,008,127.72
31 December 2018	–	–	69,966,559.16	10,132.88	794,799.64	70,771,491.68
Carrying amounts of fixed assets						
31 December 2018	4,776,139,308.61	6,502,999,499.72	4,149,815,074.25	130,009,250.81	70,106,742.23	15,629,069,875.62
1 January 2018	4,196,061,918.96	7,104,402,918.73	4,646,943,503.24	149,719,758.97	56,596,512.09	16,153,724,611.99

Note 2: According to the 19th meeting of the third board of directors of the Company held on 30 May 2018, the ore branch of the Company was cancelled. The Company made a provision for the impairment of the fixed assets of the ore branch of RMB65,008,127.72.

As at 31 December 2019, the Group has no fixed assets which were temporarily idle (31 December 2018: nil).

Fixed assets leased from under finance leases are as follows:

2018

	Cost	Accumulated depreciation	Provision for impairment	Carrying amounts
Properties and buildings	131,108,800.00	6,191,249.04	–	124,917,550.96

Fixed assets leased out under operating leases is as follows:

2019

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

The carrying amount of the fixed assets leased out under operating leases is as follows:

	2018
Machinery and equipment	37,707,157.64
Terminal facilities	21,498,182.77
Properties and Buildings	2,129,750.27
Office and other equipment	17,752.87
	61,352,843.55

6. Construction in Progress

	2019 Balance	**2019** Provision for Impairment	**2019** Carrying amount	2018 Balance	2018 Provision for Impairment	2018 Carrying amount
Phase 1 (expansion) of metal ores Terminal project in the bulk cargo area of Huanghua Port	**672,446,295.76**	**–**	**672,446,295.76**	670,779,861.54	–	670,779,861.54
Commencing project of complex port zone in Huanghua Port	**20,258,154.40**	**–**	**20,258,154.40**	16,115,314.45	–	16,115,314.45
35-ton open-top container handling and environmental protection upgrading project	**47,487,044.15**	**–**	**47,487,044.15**	–		–
Phase 1 of crude oil terminal of Huanghua Port	**32,070,885.59**	**–**	**32,070,885.59**	24,843,918.62		24,843,918.62
The sixth and seventh coal terminal in Caofeidian	**10,632,568.33**	**–**	**10,632,568.33**	–	–	
Others	**60,185,113.00**	**24,416,466.25**	**35,768,646.75**	44,975,647.30	–	44,975,647.30
Total	**843,080,061.23**	**24,416,466.25**	**818,663,594.98**	756,714,741.91	–	756,714,741.91

Movements in significant construction in progress for 2019 are as follows:

	Budget	Opening Balance	Increase in the year	Transferred from fixed assets and intangible assets during the year	Transferred to fixed assets or intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua	**3,050,861,400.00**	**670,779,861.54**	**2,785,307.49**	**-**	**(1,118,873.27)**	**-**	**672,446,295.76**	Fund raised, loans from financial institutes and self-owned capital	22
Commencing project of complex port zone in Huanghua Port	**7,555,702,691.90**	**16,115,314.45**	**4,142,839.95**	**-**	**-**	**-**	**20,258,154.40**	Loans from financial institutes	91
35-ton open-top container handling and and self-owned capital environmental protection upgrading project	**86,093,400.00**	**-**	**47,487,044.15**	**-**	**-**	**-**	**47,487,044.15**	Self-owned capital	55
Phase 1 of crude oil terminal of Huanghua Port	**2,987,898,500.00**	**24,843,918.62**	**7,226,966.97**	**-**	**-**	**-**	**32,070,885.59**	Self-owned capital	1
the sixth and seventh coal terminal in Caofeidian	**15,000,000,000.00**	**-**	**10,632,568.33**	**-**	**-**	**-**	**10,632,568.33**	Self-owned capital	1
Others	**6,259,940,181.12**	**44,975,647.30**	**98,847,385.34**	**-**	**(83,113,269.04)**	**(524,650.60)**	**60,185,113.00**		
Total	**34,940,496,173.02**	**756,714,741.91**	**171,122,112.23**	**-**	**(84,232,142.31)**	**(524,650.60)**	**843,080,061.23**		

Movements in significant construction in progress for 2018 are as follows:

	Budget	Opening Balance	Increase in the year	Transferred from fixed assets and intangible assets during the year	Transferred to fixed assets or intangible assets during the year	Other decrease	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	236,484,319.46	106,104,950.41	-	(318,167,949.25)	-	24,421,320.62	Loans from financial institutes and self-owned capital	99
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua	3,050,861,400.00	665,841,637.51	6,780,292.12	-	(1,842,068.09)	-	670,779,861.54	Fund raised, loans from financial institutes and self-owned capital	22
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	146,776,135.21	39,079,862.22	-	(169,740,682.98)	-	16,115,314.45	Loans from financial institutes and self-owned capital	91
Reclaimer Update for Phase 2 coal project	166,510,000.00	57,606,143.24	19,889,192.69	-	(77,495,335.93)	-	-	Fund raised	47
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	12,925,493.18	11,918,425.44	-	-	-	24,843,918.62	Self-owned capital	1
Others	1,623,171,440.40	31,845,834.81	71,428,795.29	127,017.01	(81,041,142.06)	(1,806,178.37)	20,554,326.68		
Total	20,813,047,532.30	1,151,479,563.41	255,201,518.17	127,017.01	(648,287,178.31)	(1,806,178.37)	756,714,741.91		

In 2019, the Group did not include in the capitalized interest of construction in progress.

Movements in significant construction in progress for 2018 are as follows:

	Progress of project	Accumulated amounts of capitalized interest	Including: Capitalized interest for the year	Ratio of capitalized interest for the year
Phase 2 of coal terminal project in Caofeidian	99%	841,576,587.19	4,053,365.36	4.90%

Provision for impairment of construction in progress:

2019

	Opening balance	Increase in the year	Decrease in the year	Closing balance	Reason for provision
Basement Treatment Engineering	**–**	**24,416,466.25**	**–**	**24,416,466.25**	Recoverable amount lower than carrying amount

As at 31 December 2018, the management of the Group believed that no provision for impairment was required for construction in progress.

7. Short-term Borrowings

	2019	2018
Unsecured borrowings	**151,581,786.20**	890,000,000.00
Interest payable on short-term borrowings	**229,711.11**	1,126,629.86
Unsecured borrowings	**151,811,497.31**	891,126,629.86

As at 31 December 2019, the interest rate of the above borrowing was 3.76%-6.00%per annum (31 December 2018: 4.13%-4.99%).

As at 31 December 2019, the Group has no overdue borrowings (31 December 2018: nil).

8. Accounts Payable

	2019	2018
Accounts payable	**164,642,529.63**	162,505,803.68

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

An ageing analysis of accounts payable is as follows:

	2019	2018
Within 1 year	**145,972,351.26**	144,640,696.34
1 to 2 years	**8,881,066.27**	12,027,103.87
2 to 3 years	**7,166,217.99**	2,222,909.38
Over 3 years	**2,622,894.11**	3,615,094.09
	164,642,529.63	162,505,803.68

At 31 December 2019, the Group has no significant accounts payable ageing more than 1 year (31 December 2018: nil).

9. Contract Liabilities

	2019	2018
Port handling fees	**521,347,567.01**	491,023,365.99
Weighing fees	**4,088,240.03**	2,454,734.42
Others	**740,253.76**	481,850.33
	526,176,060.80	493,959,950.74

10. Taxes Payable

	2019	2018
VAT	**108,353.96**	906,457.03
Enterprise income tax	**57,662,382.50**	125,869,064.38
Individual income tax	**2,835,103.10**	3,880,665.98
Environmental protection taxes	**70,356,895.93**	77,122,852.84
City maintenance and construction tax	**7,584.78**	64,537.28
Education surcharge	**5,417.70**	46,098.06
Property tax	**1,815,136.22**	1,011.72
Land use tax	**3,673,926.01**	469,328.79
Stamp duty	**82,190.92**	505,283.28
	136,546,991.12	208,865,299.36

11. Long-term Borrowings

	2019	2018
Unsecured borrowings	**6,573,331,526.76**	6,551,129,740.64
Less: long-term borrowings due within one year	**689,649,033.78**	412,163,247.66
	5,883,682,492.98	6,138,966,492.98

As at 31 December 2019, the interest rate of the above borrowings ranged from 4.26%-5.15% per annum (31 December 2018: 4.28%-5.15%).

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

	2019	2018
Within 1 year (including 1 year)	**689,649,033.78**	412,163,247.66
Within 2 years (including 2 years)	**648,691,848.00**	602,284,000.00
Within 3 to 5 years (including 3 years and 5 years)	**2,933,593,774.98**	2,043,577,449.48
Over 5 years	**2,301,396,870.00**	3,493,105,043.50
	6,573,331,526.76	6,551,129,740.64

12. Operating Revenue and Cost

	2019		2018	
	Revenue	**Cost**	Revenue	Cost
Principal operations	**6,702,886,681.25**	**3,837,841,651.72**	6,855,827,818.73	4,013,338,634.69
Other operations	**19,843,327.84**	**5,964,253.00**	20,804,558.90	5,708,755.69
	6,722,730,009.09	**3,843,805,904.72**	6,876,632,377.63	4,019,047,390.38

The operating revenue is categorised as follows:

	2019	2018
Revenue from contracts with customers	**6,704,268,404.89**	6,858,432,637.78
Rental income	**18,461,604.20**	18,199,739.85
	6,722,730,009.09	6,876,632,377.63

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

Reporting segment-integrated port services

	2019	2018
Principal place of business		
Qinhuangdao	**4,872,430,372.00**	5,115,956,102.03
others	**1,831,838,032.89**	1,742,476,535.75
	6,704,268,404.89	6,858,432,637.78
Main types of services		
Service in relation to coal and relevant products	**5,126,720,904.60**	5,352,601,924.53
Service in relation to metal ore and relevant products	**1,077,396,348.63**	1,128,386,908.96
Service in relation to general and other cargoes	**242,897,582.99**	128,860,557.45
Container service	**88,966,112.25**	86,311,018.33
Service in relation to liquefied cargoes	**60,846,087.83**	58,101,119.75
Others	**107,441,368.59**	104,171,108.76
	6,704,268,404.89	6,858,432,637.78

The revenue recognized in this year included in the book value of the contract liabilities at the beginning of the year is as follows:

	2019	2018
Contract liabilities	**412,272,230.04**	437,112,515.63

13. **Financial Cost**

	2019	2018
Interest expenses	**339,311,527.11**	352,273,663.99
Less: Interest income	**37,669,730.13**	30,659,370.91
Less: Capitalised interest	**–**	4,053,365.36
Foreign exchange gain	**(1,295,246.96)**	(4,478,804.79)
Others	**1,364,859.89**	3,123,459.95
	301,711,409.91	316,205,582.88

14. **Investment Income**

	2019	2018
Long-term equity investment income accounted for under the equity method	**158,925,364.22**	72,720,649.20
Dividend income on other equity instrument investments held	**5,651,000.00**	6,920,518.48
Investment income generated from disposal of subsidiaries *(Note)*	**16,886,790.00**	–
Investment income from disposal of financial assets held for trading	**5,677,585.95**	6,464,446.94
	187,140,740.17	86,105,614.62

Note: The Group transferred 90% equity interest of Jinji International Container Terminal Co., Ltd., one of its subsidiaries, to Bohai Jin-Ji Port Investment and Development Company Limited in 2017. Jinji International Container Terminal Co., Ltd. received the subsidy for the number of containers recognized before the date of equity transfer during the year. According to the equity transfer agreement, the Group recognized the investment income generated from disposal of subsidiaries of RMB16,886,790.00 based on the disposal consideration upon corresponding adjustment during the year.

15. **Non-operating Income**

	2019	2018	Including 2019 non-recurring gains and losses
Gains from spoilage and obsolescence of non-current assets	**2,532,140.97**	7,612,658.88	2,532,140.97
Government subsidy	**2,000,000.00**	2,000,000.00	2,000,000.00
Payables waived	**248,669.74**	6,675,322.57	248,669.74
Others	**2,530,753.33**	1,991,169.50	2,530,753.33
	7,311,564.04	18,279,150.95	7,311,564.04

16. **Income Tax Expense**

	2019	2018
Current income tax expenses	**397,458,201.29**	409,944,323.72
Deferred income tax expenses	**(132,685,057.28)**	(75,431,137.56)
	264,773,144.01	334,513,186.16

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

	2019	2018
Total profit	**1,093,248,769.97**	1,028,185,290.73
Income tax expenses calculated at the statutory tax rate	**273,312,192.49**	257,046,322.68
Effect of different tax rates of subsidiaries	**(28,276,373.08)**	(25,794,617.99)
Income not subject to tax	**(1,412,750.00)**	(1,730,129.62)
Share of profits and losses of joint ventures and associates	**(39,731,341.05)**	(18,180,162.30)
Expenses not deductible for tax	**10,558,183.90**	10,559,263.33
Utilizing deductible losses not recognized in previous years	**(7,796,447.34)**	(804,410.80)
Unrecognized deductible losses	**76,585,440.97**	87,960,795.07
Recognition of previously unrecognised tax losses and deductible temporary differences *(Note)*	**(32,581,075.96)**	–
Unrecognized deductible temporary differences	**7,005,722.56**	26,821,460.04
Adjustments in respect of current income tax of previous periods	**4,724,848.56**	(4,175,188.91)
Others	**2,384,742.96**	2,809,854.66
Income tax expense at the Group's effective rate	**264,773,144.01**	334,513,186.16

Note: As Cangzhou Huanghuagang Mineral Port Co., Ltd., a subsidiary of the Group, absorbed and merged another subsidiary, Cangzhou Bohai Port Co., Ltd. on 31 May 2019, taxable income used to offset the deductible losses and deductible temporary differences transferred from the absorption and merge of Cangzhou Bohai Port Co. Ltd. is likely to be generated in the future, and thus deferred tax assets were recognized.

17. Earnings per Share

	2019	2018
Basic and diluted earnings per share from continuing operations	**0.17**	0.15

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

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

	2019	2018
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company from continuing operations	**931,247,331.39**	810,263,268.11
Shares		
Weighted average number of ordinary shares in issue of the Company	**5,587,412,000.00**	5,587,412,000.00

The Company had no dilutive potential ordinary shares in issue for the year 2019 (2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) OVERVIEW

(1) General Situation

In 2019, China's economy maintained healthy growth with continuous advancing of its structural adjustment, and achieved remarkable results through transformation and upgrading. China's GDP amounted to RMB99.09 trillion calculated by constant price, representing a year-on-year increase of 6.1%. On a quarterly basis, the growth rate of GDP in the four quarters was 6.4%, 6.2%, 6.0% and 6.0% respectively, and it operated in the range of 6.0% – 7.0% for 18 consecutive quarters. Under the complicated situation of significantly increasing external risks and challenges, China's economy maintained stable growth and demonstrated its strong capability against risks. According to the statistics from the Ministry of Transport of the PRC, the throughput of cargoes in China's ports in 2019 achieved rapid growth and reached 13.95 billion tonnes, representing a year-on-year increase of 5.7%, of which the throughput of domestic and foreign trade has increased by 6.1% and 4.7%, respectively. The throughput of containers has reached 260 million TEUs, representing a year-on-year increase of 4.4%.

(2) Overview of Port Industry in the PRC

For coal business, the growth rate of China's raw coal production fell slightly in 2019, the raw coal production of the industry above designated size reached 3.75 billion tonnes, representing a year-on-year increase of 4.2%, and the growth rate fell 1.0 percentage point over last year. Affected by coal demand and international coal prices, coal imports increased significantly. The annual import of raw coal was 300 million tonnes, an increase of 6.3% over last year, and the growth rate was 2.4 percentage points higher than last year. In 2019, China's absolute power generation was 7,142.2 billion kWh, an increase of 3.5% over last year, of which China's absolute thermal power generation amounted to 5,165.4 billion kWh, representing a year-on-year increase of 1.9%. In light of high inventory in various links, the enthusiasm of downstream coal transportation was not high, and the growth rate of coal demand slowed down. Given that the coal transportation business in ports in North China throughout the year was relatively less than 2018, it is expected that the domestic trade coal shipment in major ports in China will decrease slightly year on year.

For iron ores, benefited from the rapid growth of infrastructure investment and the better-than-expected development of the real estate industry, China's steel consumption in 2019 continued to be at a high level, the production volume of crude steel in China amounted to 996 million tonnes, representing a year-on-year increase of 8.3%; the production volume of steel amounted to 1.205 billion tonnes, representing a year-on-year increase of 9.8%, all of which reached a record high. Steel consumption has effectively boosted iron ore demand, with the production volume of iron ore in China amounted to 844.36 million tonnes, representing a year-on-year increase of 4.9%. The annual port iron ore loading and unloading volume was basically the same as that of 2018, with a cumulative import of iron ore of 1.07 billion tonnes, representing a year-on-year increase of 0.5%, and a growth rate of 0.6 percentage point higher than last year.

For oil business, in 2019, China's main oilfields maintained stable growth of production, with the production volume of crude oil of 190 million tonnes, an increase of 0.8% over last year, which reversed the continuous decline trend since 2016. The imported crude oil reached 510 million tonnes, an increase of 9.5%, a decrease of 0.6 percentage point; affected by the continued release of new refining capacity, crude oil processing volume continued to grow rapidly, with 650 million tonnes of processed crude oil, an increase of 7.6% over last year. In 2019, the crude oil throughput in major coastal ports generally recovered, and the transportation market was relatively stable.

(II) RESULTS OF OPERATION AND FINANCIAL PERFORMANCE

(1) Revenue

In 2019, the revenue of the Company amounted to RMB6,722.73 million, representing a decrease of 2.24% as compared with the corresponding period last year,mainly due to decrease of the cargo handling capacity of the Company slightly during the year.

Principal Operations of the Company by Industries and Regions:

Unit: Yuan Currency: RMB

Principal Operations by Industries

By industries	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the last year (%)	Increase/ decrease of operating cost as compared with that in the last year (%)	Increase/ decrease of gross profit margin as compared with that in the last year
Service in relation to coal and relevant products	5,126,720,904.60	2,419,218,450.48	52.81	-4.22	-8.34	increase of 2.12 percentage points
Service in relation to metal ore and relevant products	1,077,396,348.63	806,954,971.65	25.10	-4.52	4.80	decrease of 6.66 percentage points
Service in relation to general and other cargoes	242,897,582.99	266,967,236.58	-9.91	88.50	3.37	increase of 90.51 percentage points
Container service	88,966,112.25	84,456,795.68	5.07	3.08	4.16	decrease of 0.99 percentage point
Fluid cargo service	60,846,087.83	68,207,352.24	-12.10	4.72	0.63	increase of 4.56 percentage points
Revenue from others	125,902,972.79	198,001,098.09	-57.26	2.89	-2.29	increase of 8.33 percentage points

Principal Operations by Regions

By regions	Revenue	Operating cost	Gross profit margin (%)	Increase/decrease of revenue as compared with that in the last year (%)	Increase/decrease of operating cost as compared with that in the last year (%)	Increase/decrease of gross profit margin as compared with that in the last year
China	6,722,730,009.09	3,843,805,904.72	42.82	-2.24	-4.36	increase of 1.26 percentage points

(2) Operating Costs

In 2019, the operating costs of the Company amounted to RMB3,843.8059 million, representing a decrease of 4.36% as compared with the corresponding period of last year, mainly due to decrease of the labor cost as compared with the corresponding period of last year.

(3) Gross Profit Margin

The gross profit of the Company for the Year amounted to RMB2,878.9241 million, representing an increase of 0.75% as compared with the corresponding period of last year. The gross profit margin of the Company for the Year was 42.82%, representing an increase of 1.26 percentage points as compared with the corresponding period last year. The increase in the gross profit was mainly due to operating costs decreasing more during the Year than that of revenue.

(4) Segment Analysis (Business Review)

During the Reporting Period, the Company achieved a total cargo throughput of 374.38 million tonnes, representing a decrease of 4.00 million tonnes or 2.09%, as compared with the throughput of 382.38 million tonnes in the corresponding period of 2018.

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

	2019		2018			
	Throughput ***(million tonnes)***	**Percentage of total throughput** ***(%)***	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/(decrease) *(million tonnes)*	Increase/(decrease) *(%)*
Qinhuangdao Port	**210.99**	**56.36**	222.05	58.07	(11.06)	(4.98)
Caofeidian Port	**98.20**	**26.23**	96.88	25.34	1.32	1.36
Huanghua Port	**65.19**	**17.41**	63.45	16.59	1.74	2.74
Total	**374.38**	**100.00**	382.38	100.00	(8.00)	(2.09)

During the Reporting Period, the Company achieved a cargo throughput of 210.99 million tonnes in Qinhuangdao Port, representing a decrease of 11.06 million tonnes or 4.98% from 222.05 million tonnes for the corresponding period of 2018. The decrease was mainly due to the domestic trade market share squeezed by imported coals, the stagnant market of coal as a result of the clean energy and construction of UHV power grid, and the homogeneous competition from surrounding ports.

The Company achieved a cargo throughput of 98.20 million tonnes in Caofeidian Port, representing an increase of 1.32 million tonnes or 1.36% from 96.88 million tonnes for the corresponding period of 2018. The increase was mainly due to the high operation rate of blast furnace in Tangshan region, the high production motivation of iron and steel enterprises, the rising demand for iron ore, the increasing procurement of iron ore by iron and steel enterprises and traders and the growing ore business in Caofeidian area. Furthermore, by adhering to the market-oriented strategy, the Company optimized customer structure and cargo source structure and actively secure cargo sources to ensure efficient production.

The Company achieved a cargo throughput of 65.19 million tonnes in Huanghua Port, representing an increase of 1.74 million tonnes or 2.74% from 63.45 million tonnes for the corresponding period of 2018. The increase was mainly due to the fact that the Company exerted efforts to market development and production organization, visited customers in the Hinterland enhanced communications with various iron and steel plants and traders, successfully launched the loading and unloading business of bauxite and vigorously develop business with the implementation of the policy of "transformation from road haulage to rail-freight transport", with its centralization, evacuation and transportation structure continuously improved.

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

	2019		2018			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Coal	**232.62**	**62.14**	244.22	63.87	(11.60)	(4.75)
Metal ore	**106.02**	**28.32**	105.46	27.58	0.56	0.53
Oil and liquefied chemicals	**2.56**	**0.68**	2.52	0.66	0.04	1.59
Container	**16.99**	**4.54**	19.11	5.00	(2.12)	(11.09)
General and other cargoes	**16.19**	**4.32**	11.07	2.89	5.12	46.25
Total	**374.38**	**100.00**	382.38	100.00	(8.00)	(2.09)

1. *Dry bulk cargoes handling services*

The Company's dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Reporting Period, the Company recorded a total dry bulk cargoes throughput of 338.64 million tonnes, representing a decrease of 11.04 million tones or 3.16% from 349.68 million tonnes for the corresponding period of 2018.

During the Reporting Period, the Company achieved a total coal throughput of 232.62 million tonnes, representing a decrease of 11.60 million tonnes or 4.75% from 244.22 million tones for the corresponding period of 2018. Such decrease was mainly due to the domestic trade market share squeezed by imported coals, the stagnant market of coal as a result of the clean energy and construction of UHV power grid, and the homogeneous competition from surrounding ports.

During the Reporting Period, the Company achieved a total metal ores throughput of 106.02 million tonnes, representing an increase of 0.56 million tonnes or 0.53% from 105.46 million tonnes for the corresponding period of 2018. Such increase was mainly due to the high production motivation of iron and steel enterprises in the Hinterland, the increase in the ore business driven by the increasing demand for metal ores and the Company continuing to conduct its business with the implementation of the policy of "transformation from road haulage to rail-freight transport", to guarantee continuous efficient production.

2. *Oil and liquefied chemicals handling services*

During the Reporting Period, the Company recorded a total oil and liquefied chemicals throughput of 2.56 million tonnes, representing an increase of 0.04 million tonnes or 1.59% from 2.52 million tonnes for the corresponding period of 2018. The increase was mainly due to the increased efforts on visiting customers and sourcing cargoes, the exploration of the market in the Hinterland and the enhancement of the refined oil transfer business to secure steady cargo sources.

3. *Container services*

During the Reporting Period, the Company recorded a total container throughput of 1,165,723 TEU, equivalent to a throughput of 16.99 million tonnes, representing decreases in the number of containers handled and throughput of 134,713 TEU and 2.12 million tonnes, respectively, (i.e. 10.36% and 11.09%, respectively) as compared with the number of containers handled and throughput of 1,300,436 TEU and 19.11 million tonnes for the corresponding period of 2018, respectively. Such decrease was mainly due to a significant decrease in the working volume in vehicle collection & distribution ports resulting from the impact of environmentally- friendly limitation of vehicle transportation, overload disposal and the ban on coal transfer by truck and packaging, as well as the maturity of preferential policies and the relevant subsidies on container expressways.

4. General cargoes handling services

During the Reporting Period, the Company recorded a total throughput of general and other cargoes of 16.19 million tonnes, representing an increase of 5.12 million tonnes or 46.25% from 11.07 million tonnes for the corresponding period of 2018. Such increase was mainly due to the fact that the Company enhanced its efforts to explore overseas market, sourced and conducted the foreign trade business of aluminum ingot and iron tube, and sea-rail intermodal transportation business. In addition, the Company strengthened production and organization and incessantly optimized the quality of handling services and efficiency.

5. Ancillary port services and value-added services

The Company also provides 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. In 2019, the revenue of ancillary port services and value-added services of the Company amounted to RMB280,615,800, representing a decrease of RMB7,865,200 or 2.73% from RMB288,481,000 for the corresponding period of 2018.

(5) Tax and Surcharges

During the Year, the tax and surcharges of the Company amounted to RMB368,075,300, representing an increase of 1.78 % as compared with the corresponding period last year, mainly attributable to the increase in land use tax and property tax over the last year.

(6) Administrative Expenses and Selling Expenses

In 2019, the total administrative expenses and selling expenses of the Company amounted to RMB1,287,164,100, representing an increase of 4.59% as compared with the corresponding period last year, mainly attributable to the increase in the provision for costs on employees who leave their posts and wait for retirement.

(7) Provision for Costs on Employees who Leave Their Posts and Wait for Retirement

In 2019, the Company's provision for costs on employees who leave their posts and wait for retirement was RMB585,038,300 representing an increase of 30.22% as compared with the corresponding period last year.In order to optimize the human resources structure, improve the labour productivity and per capita profitability, reduce the inefficiency and losses of labour costs and effectively enhance the development quality and operational efficiency, the Company has optimized and adjusted the posts of some employees who meet certain conditions on a voluntary basis, and has formulated and implemented the policy of "Leaving Posts and Waiting for Retirement". The Group is obliged to pay the welfare expenses to these employees who leave their posts and wait for retirement in the next 1 to 10 years, until they reach the statutory retirement age. The salary to employee who leaves their posts and waits for retirement is determined based on a certain percentage of the average monthly salary of last year when the employee officially leaves their posts and waits for retirement. At the same time, the Company shall pay the basic social insurances and housing fund for these employees in accordance with local social security regulations. In accordance with the provisions of the "Accounting Standards for Business Enterprises No. 9- Employees' Remuneration", the labour costs for employees during the period from their leaving their posts and waiting for retirement to their retirement shall be charged as expenses in the year of their leaving their posts. The Company, when considering its obligation to pay the leave and retirement welfare expenses for employees who leave their posts and wait for retirement, discounted these expenses on the basis of the yield of the PRC treasury bond in the same period and included them in administrative expenses at one time.

(8) Financial Expenses

During 2019, financial expenses of the Company amounted to RMB301,711,400, representing a decrease of 4.58% as compared with the corresponding period last year， which was mainly attributable to the decrease of interest expense resulting from the decrease in the size of the borrowings as compared with the corresponding period last year.

(9) Impairment Loss of Credit

During 2019, the impairment losses of credit of the Company amounted to RMB809,700, representing a year-on-year increase of 104.03%, which was mainly attributable to the fact that the Company collectively recovered part of the trade receivables in the previous years and reversed the provision made for bad debts.

(10) Impariment Loss of Asset

During 2019,the impairment losses of asset of the Company amounted to RMB64,804,700, representing a year-on-year decrease of 10.97%, which was mainly attributable to the fact that the Company recognised the impairment loss of fixed assets and inventories for the previous year due to the adjustment of mineral business and the deregistration of the mineral branch; during the Year, the Company made the provision for impairment on the equity interest in Jinji International Container Terminal Co., Ltd. held by it directly and indirectly and made provision for the impairment of the construction in progress of Tangshan Caofeidian Coal Port Co., Ltd., a subsidiary of the Company.

(11) Other Income

During the Year, other income of the Company amounted to RMB41,785,600, representing a year-on-year increase of 8.45%, which was mainly attributable to the fact that the Company has been entitled to VAT deduction policy since 1 April 2019 and the deducted VATs were included into other income.

(12) Investment Income

During the Year, investment income of the Company amounted to RMB187,140,700, representing a year-on-year increase of 117.34%, which was mainly attributable to the increase in net profits of associates and joint ventures of the Company.

(13) Gain on Disposal of Assets

During the Year, gain on disposal of assets of the Company amounted to RMB16,623,600, representing a year-on-year increase of 336.26%, which was mainly attributable to the increase in income from government land acquisition and storage of Cangzhou Huanghuagang Mineral Port Co., Ltd., a subsidiary of the Company.

(14) Net Non-operating Revenue and Expenses

During the Year, net non-operating revenue and expenses of the Company amounted to RMB3,737,100, representing a year-on-year decrease of 74.99%, which was mainly attributable to the year-on-year decrease in net income from abandoned fixed assets during the Year.

(15) Income Tax Expense

Income tax expense of the Company decreased by RMB69,740,100 to RMB264,773,100 for the Year from RMB334,513,200 last year, and the effective income tax rate of the Company decreased to 24.22% for the Year from 32.53% last year, mainly due to the increase in the amount of taxable income for making up future deductible losses and deductible temporary differences as a result of the merger and reorganization of the Company's subsidiaries.

(16) Net Profit

Net profit of the Company for the Year amounted to RMB828,475,600, representing a year-on-year increase of 19.43%, of which net profit attributable to owners of the parent company amounted to RMB931,247,300, representing a year-on-year increase of 14.93%. Net profit margin of the Company was 13.85%, representing a year-on-year increase of 2.07 percentage points.

(17) Earning 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 Company for the Year amounted to RMB0.17, representing an increase of 13.33% from RMB0.15 for 2018. Please refer to Note IV, 17 to the financial statements for the calculation of earnings per share.

(18) Cash Flows

During the year of 2019, net cash flows generated from operating activities amounted to RMB2,453,136,500, representing a year-on-year decrease of 9.05%, mainly due to the decrease in the operating income.

During the year of 2019, net cash flows generated from investing activities amounted to RMB-829,313,500, representing a year-on-year decrease of 1,077.64%, mainly resulted from the settlement of project payment and the increase in investment of termed deposits over 3 months during the Year.

During the year of 2019, net cash flows generated from financing activities amounted to RMB-1,495,356,900, representing a year-on-year increase of 9.26%, mainly due to the combined effects of the decrease of net increase in bank borrowing and the increase of distribution of dividends.

As at 31 December 2019, the gearing ratio (total liabilities divided by total assets) of the Company was 38.82%, decreased by 3.44 percentage points as compared with 42.26% as at 31 December 2018.

(19) Exchange Rate Risks

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

(20) Bank Loans and Other Borrowings

As at 31 December 2019, the details of the Company's bank loans and other borrowings are set out in Notes IV, 7 and 11 to the financial statements of this announcement.

(21) Pledge of Assets and Contingent Liabilities

The Company has no pledge of assets or contingent liabilities during the Year.

(22) Management of Working Capital

	31 December 2019	31 December 2018
Current ratio	**1.16**	0.85
Quick ratio	**1.06**	0.77
Turnover days of trade receivables	**4.07**	4.02
Turnover days of trade payables	**15.53**	17.29

As at 31 December 2019, the Company's current ratio and quick ratio were 1.16 and 1.06, respectively, representing an increase as compared with the current ratio of 0.85 and quick ratio of 0.77 as at 31 December 2018. The turnover days of trade receivables for the year 2019 was 4.07 days and the turnover days of trade payables was 15.53 days, representing an increase of 0.05 days as compared with (4.02 days) in 2018 and a decrease of 1.76 days as compared with (17.29 days) in 2018, respectively. All indicators above are within the appropriate range.

(23) Overview of Major Investment

During the Year, the Company made the following major acquisitions or investments in its subsidiaries or associated companies:

On 28 February 2019, QHD Port enters into the "Co-operation Agreement in Respect of the Construction of Phase VI and Phase VII of the Coal Terminal at Caofeidian Port in Tangshan" (hereinafter referred to as the "Co-operation Agreement") with Datong Coal Mine Group Co., Ltd. (hereinafter referred to as "Datong Group") and Caofeidian Port Group Co., Ltd. (hereinafter referred to as "Caofeidian Port Group"), pursuant to which, the parties will jointly fund to establish a joint venture Hebei Caofeidian Jigang General Port Co., Ltd.* (河北唐山曹妃甸冀同港口有限公司) (hereinafter referred to as the "Joint Venture''), for the construction of Phase VI and Phase VII of the coal terminal project at Caofeidian Port. The Joint Venture was incorporated in the PRC on 9 May 2019. Business scope of the joint venture mainly includes: port project construction; infrastructure construction; labor subcontracting; property management (items subject to approval according to law shall only be carried out after approval by relevant departments).

According to the Co-operation Agreement, the total registered capital of the Joint Venture is RMB3,000 million, among which, QHD Port has agreed to contribute RMB1,770 million, representing 59% of the total registered capital of the Joint Venture; Datong Group has agreed to contribute RMB1,200 million, representing 40% of the total registered capital of the Joint Venture; Caofeidian Port Group has agreed to contribute RMB30 million, representing 1% of the total registered capital of the Joint Venture. Upon the Establishment, the Joint Venture has become a subsidiary of QHD Port.

According to the Co-operation Agreement, particulars of the Joint Venture Project are as follows:

(1) Investment and construction of two 50,000,000-tonne specialized coal terminals at Caofeidian Port, with total designed annual handling capacity of 100 million tonnes. 10 specialized berths for coal loading are planned for construction under the project, including one 50,000-tonne berth, two 70,000-tonne berths and two 100,000-tonne berths for Phase VI and Phase VII, respectively.

(2) The proposed project site is located at the eastern coastline of basin II of the Center District of Caofeidian Port, Tangshan, with a site area of approximately 4,200 Mu. The specific location shall be subject to the final approval of Caofeidian District Planning Department, and the site area shall be subject to that as specified on the Land Use Right Certificate.

After its incorporation, the Joint Venture is still in the early stage, and no business revenue has been generated.

The Board is of the view that the establishment of the Joint Venture by the Company for the investment and construction of Phase VI and Phase VII of the coal terminal project at Caofeidian Port will fully exploit the strengths in resources of all parties, thus achieving mutual benefit and win-win situation, which is in the interests of the Company in long run, and is beneficial to the Company's business layout in Qinhuangdao, Tangshan and Cangzhou.

For details of the above matters, please refer to the Announcement of Foreign Investment and Related Transactions (Announcement No.：2019-004) published on the SSE on 1 March 2019, and the Announcement on Discloseable Transaction and Connected Transaction published on the website of the Stock Exchange on 28 February 2019 by QHD Port.

Save as disclosed above, the Company did not have any other major investment, acquisition or disposal during the Year.

(III) PROSPECTS

QHD Port will capture the development opportunities from the cooperative development of the Beijing-Tianjin-Hebei Region, the "Belt and Road" initiatives and the development of the Xiong'an New Area, leverage on the geographical advantage and experience in mature and efficient port operation and management, and adhere to the overall development concept of "stronger and better, transformation and upgrading, improving quality and efficiency, driven by innovation and achieving win-win in harmony", in order to let the company become a port industrial cluster operator of sound governance system, strong competitive advantage and leading economic benefit, combining with the roles of port operator, integrated logistics service provider and capital operator.

The business prospects of the Company in 2020 are as follows:

Coal business

Firstly, the Company will strengthen the continuity of information tracking and collection to precisely analyse, study and judge the market situation. The Company will establish a comprehensive analysis and forecast mechanism, namely "studying the market to enhance anticipation", "monitoring the price and establishing early warning", "streamlining the organization and strengthening the rehearsal", and "formulating plan in response to changes", to guide the coal production of all ports. Secondly, the Company will deeply tap its potential to improve efficiency and increase transportation business. The Company will gradually improve the "Coal Supply and Demand Information Platform of Qinhuangdao Port" to build a connection channel between downstream and upstream customers, guarantee the timely and effective passing of coal supply and demand information, and enhance the timeliness and effectiveness of the purchase and sale transaction. In addition, the platform can also enhance customers' loyalty and recognition to the Company, and improve the transfer efficiency of coal stored in ports. The Company will promote standardized operations, streamline work procedures and business model, and formulate emergency plan and precautionary measures in advance in case of special circumstances to vigorously minimize the subsidiary operation time in various aspects of loading and unloading operations. Thirdly, the Company will optimize the allocation of port resources, strictly implement the assessment and supervision mechanism, and gain an early understanding of the scale of the cargo sources to meet the reasonable personalized requirements of customers. Fourthly, the Company will strengthen the basic work and improve various rules and systems to ensure the production of the port in a scientific and orderly manner, and will accelerate the transformation and upgrading of digitalization to apply the advanced technologies such as big data and cloud computation to the production of the port. Fifthly, the Company will actively improve service functions to enhance cargo service quality.

Metal ores business

Firstly, the Company will continue to strengthen the connection with customers, expand the cooperation with steel companies and international mine companies, and leverage on its comparative advantages to increase its influence on the remote hinterland and secure more ore cargo sources. Secondly, the Company will actively implement the policy of "transformation from road haulage to rail-freight transport" to enhance the capability to evacuate cargoes from the port by railways and continuously improve operational efficiency. Thirdly, the Company will closely monitor trading ore market and attend to ore mixing business.

Oil business

Firstly, the Company will exert more efforts in sourcing downstream and upstream oil cargoes, actively visit customers, stabilize existing cargo sources and strive to secure new cargo sources. Secondly, the Company will strengthen the cooperation with domestic large petrochemical enterprises to develop more refined oil transfer business. Thirdly, the Company will deepen the cooperation with the surrounding storage and transportation companies to make concerted efforts, share information and make full use of each other's storage tank resources, and jointly develop oil business.

Container business

Firstly, the Company will actively develop container transportation business, take advantage of the favourable opportunity of the implementation of the national policy of "transformation from road haulage to rail-freight transport" and leverage on the advantage of the evacuation of cargoes from ports by railways to source more container cargo transportation business. Secondly, the Company will vigorously promote the business of "dry bulk cargoes of coal and slag to containers". Thirdly, the Company will practically give play to the inland port to expand cargo sources in the remote hinterland. Fourthly, the Company will actively develop business of sea-rail transportation of lump coal. Fifthly, the Company will strengthen the cooperation with shipping companies to open more domestic and overseas routes.

General cargoes business

Firstly, the Company will further focus on the development of general cargoes market and adhere to implementing the customer manager responsibility system to improve service quality. Secondly, the Company will continuously enhance operational technologies, promote standardized production and boost loading and unloading efficiency. Thirdly, the Company will devote itself in the business of sea-rail transportation of steel products and bauxite, and expand its brand advantages in serving wind turbine blades and special vehicles to form fine cargo source.

OTHER INFORMATION

(I) Use of Proceeds of H Shares

The H Shares of the QHD Port have been listed and traded on the Hong Kong Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds from H shares of QHD Port amounted to HK$3,823 million. The use of proceeds from H shares disclosed in the section "Future Plans and Use of Proceeds" in the Prospectus from the QHD Port's listing of H shares in December 2013 to nowadays (except for working capital and general corporate purposes) has been completed as planned, with the actual investment amount slightly more than the allocated amount set out in the Prospectus. In order to increase the efficiency of the use of proceeds from H shares, the Board of Directors of QHD Port considers that it is necessary to adjust the use of proceeds from H shares of the plan and has already made a resolution to approve the adjustment of the unused proceeds from H shares into working capital and general corporate purposes. The Board believes that the above all adjustments to the use of proceeds from H shares will increase the flexibility of the Company's financial management and reduce other financing costs as well as in line with the overall interests of the QHD Port and its Shareholders. For details, please refer to the announcement published on the websites of the Hong Kong Stock Exchange on 27 October 2017.

(1) As of 31 December 2019, HK$3,796,810,700 of the proceeds from H shares have been used by the Company and HK$61,258,600 of the proceeds from H shares remain unused, including the self-raised funds for the payment of the listing expenses of HK$24,017,400 and the net interest income relating to the proceeds from the Global Offering of HK$11,296,100. The specific use of proceeds from H shares is as follows:

currency unit：ten thousand of Hong Kong dollars

No.	Use disclosed in the prospectus	Proceeds allocated as set out in the prospectus (a)	Amount of proceeds from fund raising (b)	Amount of proceeds not from fund raising (c)	Difference between the Actual investment amount and the amount of proceeds allocated as set out in the prospectus (d=a-b-c)
1	Procurement of stackers for coal handling services in Qinhuangdao Port to replace aging equipment	5,124.00	–	5,124.00	0
2	Procurement of diesel locomotive	1,139.00	634.01	430.62	74.37
3	Construction of ore berths in Huanghua Port	244,408.18	232,534.70	–	11,873.48
4	Repayment of bank loans	94,003.14	102,580.18	–	(8,577.04)
5	Working capital and general corporate purposes	37,601.26	43,932.18	–	(6,330.92)
	Total	382,275.58	379,681.07	5,554.62	(2,960.11)

Notes:

1. the "Amount of proceeds from fund raising" annotated as column (b) in the table (totaling HK$3,796,810,700) represents the amount of proceeds from H shares actually used;

2. the "Amount of proceeds not from fund raising" annotated as column (c) in the table (totaling HK$55,546,200) represents the amount paid (for the contents disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus) with internal resources of the Company; and

3. the "Difference between the actual amount of proceeds used and the amount of proceeds allocated as set out in the prospectus" annotated as column (d) in the table (totaling HK$-29,601,100) represents the difference between the actual amount allocated to the Intended Purposes (including amounts paid from the proceeds from H shares and amounts paid with the Company's internal resources) and the expected amount of proceeds from the Global Offering allocated to the Intended Purposes.

(2) As of 31 December 2019, the balance of proceeds from the H shares of HK$61,258,600 included the followings:

The difference between the actual amount of proceeds used and the amount of proceeds allocated as set out in the prospectus in the amount of HK$-29,601,100;

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

Self-raised funds for the payment of the listing expenses of HK$24,017,400 and the net interest income relating to the proceeds in the amount of HK$11,296,100. The "self-raised funds for the payment of the listing expenses of HK$24,017,400" represents the amount paid with internal resources of QHD Port for the purpose of listing expenses; and the "net interest income relating to the proceeds in the amount of HK$11,296,100" represents the net interest income generated from the proceeds from H shares of QHD Port and kept in the designated bank account for the proceeds from H shares (the "Designated Account").

The balance of proceeds from H shares of HK$61,258,600 are expected to be used for the working capital and general corporate purposes of the Company in the next five years, including the payment of dividend to the shareholders of H Shares, if any, and the payment of relevant fees to the overseas intermediaries in relation to the listing of H Shares. "The balance of proceeds from H shares" shall represent the balance of proceeds from H shares kept in the Designated Account.

The Company would like to further explain how to reconcile the amount of HK$-29,601,100 with the amount of HK$61,258,600 (being the balance kept in the Designated Account): The amount of HK$55,546,200 and the amount of HK$24,017,400 were paid with the internal resources of the Company and not paid from the Designated Account. Together with the net interest income in the amount of HK$11,296,100 arising from the proceeds from H shares, all such items and the amount of HK$-29,601,100 had been aggregated to arrive at the amount of HK$61,258,600, being the balance kept in the Designated Account.

(II) Events after the Reporting Period

Since the outbreak of the novel coronavirus pneumonia epidemic (hereinafter referred to as the "Epidemic") in January 2020, prevention and control work against the Epidemic has been progressively carried out nationwide. During the period, the Company has proactively taken various of measures to ensure normal operations of assets on major Terminals. The development of the Epidemic has had a certain impact on the overall economic operation of China and even the whole world, thus will affect the production and operation of the Company to a certain extent, the extent of which will depend on the prevention and control of the Epidemic, its duration and the implementation of various control policies. The Company will continue to pay close attention to the development of the Epidemic and assess and make an active response to the impact it may have on the Company's financial situation and operating results.

(III) Repurchase, Sales and Redemption of Shares

For the twelve months ended 31 December 2019, the Company did not repurchase, sell or redeem any of the listed shares of QHD Port.

(IV) Compliance with Corporate Governance Code

During the relevant period, 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.

(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) Dividends

As audited, the Company achieved net profit attributable to the parent company of RMB931,247,331.39 for 2019. The profit distribution plan for the year 2019: on the basis of total share capital of 5,587,412,000 shares as at 31 December 2019, the Company propose to pay cash dividend of RMB0.90 (tax inclusive) for every 10 shares to all shareholders, with a total cash dividend amounting to RMB502,867,080.00.

If there is any change to the total share capital registered at the date of the subsequent implementation of interest distribution, the Company intends to keep the total distribution unchanged and makes corresponding adjustment to the distribution ratio.

According to the Dividend Distribution Plan of Qinhuangdao Port Co., Ltd. (2018-2020), as formulated by the Company, the Company may distribute dividends in cash, in shares or in a combination of both cash and shares or other means as permitted under laws and regulations, and shall give priority to cash dividends. The Company may make interim profit distribution in cash. Save for exceptional circumstances which may adversely affect the continuous ordinary operation of the Company as determined by Board, provided that the ordinary and sustainable development of the Company is being maintained, the Company may distribute dividend in cash if positive profit and accumulated undistributed profits are recorded. Profits to be distributed in cash for each year shall be not less than 30% of net profits attributable to Shareholders of the Company for that year. See the circular of the Company dated 3 May 2018 for details.

In accordance with the Corporate Income Tax Law of the PRC 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% corporate income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of final dividends as corporate income tax, distribute the final dividends to nonresident 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, or 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 (《關於公佈全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》) 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) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993]045號)) 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 Hong Kong 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) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), 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 the PRC or the tax arrangements between the PRC and Hong Kong or the Macau Special Administrative Region of the PRC. 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 according to the relevant procedures as specified by the relevant regulations.

Subject to the approval of the resolution regarding the declaration of dividends at the 2019 annual general meeting, dividends will be paid to the Shareholders before 20 August 2020.

(VII) Audit Committee

The Audit Committee of the Company has reviewed the annual results for 2019 and the financial statements for the year ended 31 December 2019 of the Company 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 Hong Kong 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 2019 annual report containing all information about the Company set out in this preliminary results announcement for the year ended 31 December 2019 will be dispatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company, respectively.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"A Share(s)"	the domestic listed RMB ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE
"Audit Committee"	the audit committee of the Board
"Berth"	the place of a dock designated for a vessel to moor
"Bulk cargo"	loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
"Company", the "Company"	Qinhuangdao Port Co., Ltd.* and its subsidiaries
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange
"corresponding period of 2018"	the twelve months ended 31 December 2018
"CSRC"	China Securities Regulatory Commission
"Economic hinterland" or "Hinterland"	Hinterland connected with the port by means of transportation, a territory scope in the port where cargoes are generated from or cargoes to be transshipped through the port are consumed
"General cargo"	A general terms for cargoes of various varieties, nature and packaging forms
"Harbor"	land and water surface of the port within the territory of the port and demarcated by the administrative agency of local government
"Hebei Port Group", "controlling shareholder", "QHD Port Group"	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which directly holds 54.27% equity interest of the Company

"H Share(s)"	the Hong Kong listed ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"Huanghua Port"	Huanghua Port in Cangzhou City, Hebei Province
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"QHD Port"	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
"Qinhuangdao Port"	Qinhuangdao Port in Qinhuangdao City, Hebei Province
"Reporting Period" or the "Year"	the twelve months ended 31 December 2019
"SSE"	the Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Terminal"	designated for mooring vessels, loading and unloading cargoes and boarding travelers
"TEU"	A statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU)
"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.*
CAO Ziyu
Chairman

Qinhuangdao, Hebei Province, the PRC
27 March 2020

As at the date of this announcement, the executive Directors of the Company are CAO Ziyu, YANG Wensheng and MA Xiping; the non-executive Directors of the Company are LIU Guanghai, LI Jianping and XIAO Xiang; and the independent non-executive Directors of the Company are ZANG Xiuqing, HOU Shujun, CHEN Ruihua and XIAO Zuhe.

* *For identification purpose only*