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 2018

FINANCIAL HIGHLIGHTS

– For the Year, revenue of the Group amounted to RMB6,876,632 thousand, representing a decrease of 2.22% as compared with the last year.

– For the Year, net profit of the Group amounted to RMB693,672 thousand, representing a decrease of 23.03% as compared with the last year.

– For the Year, net profit attributable to owners of the parent company of the Group amounted to RMB810,263 thousand, representing a decrease of 15.86% as compared with the last year.

– The Board recommended a final dividend of RMB0.077 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 2018 prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2017.

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET
31 December 2018
RMB

	Note IV	**31 December 2018**	31 December 2017
Assets			
Current assets			
Cash and bank balances		**2,607,071,907.64**	1,983,285,014.18
Bills receivable and account receivable	*1*	**220,143,567.04**	413,908,521.65
Prepayments		**10,231,550.85**	4,638,406.01
Other receivables		**30,259,192.87**	10,373,932.26
Inventories	*2*	**191,484,116.15**	200,222,526.56
Assets held for sale		**193,986,794.76**	–
Other current assets		**101,730,209.68**	239,668,328.72
Total current assets		**3,354,907,338.99**	2,852,096,729.38
Non-Current assets			
Available-for-sale financial assets		**–**	709,674,267.95
Long-term equity investments		**2,715,291,377.24**	2,682,297,961.17
Other equity instruments investments		**730,638,543.63**	–
Fixed assets	*3*	**15,629,606,304.57**	16,153,724,611.99
Construction in progress	*4*	**756,714,741.91**	1,151,479,563.41
Intangible assets		**2,375,708,363.99**	1,888,306,218.94
Long-term prepaid expenses		**1,182,783.93**	1,858,660.41
Deferred income tax assets		**277,591,318.38**	202,160,180.82
Other non-current assets		**117,550,230.49**	133,236,678.09
Total non-current assets		**22,604,283,664.14**	22,922,738,142.78
Total assets		**25,959,191,003.13**	25,774,834,872.16

	Note IV	**31 December 2018**	31 December 2017
Liabilities and shareholders' equity			
Current liabilities			
Short-terms borrowings	*5*	**890,000,000.00**	1,300,000,000.00
Bills payable and accounts payable	*6*	**162,505,803.68**	218,205,613.84
Deposits received	*7*	**–**	522,476,557.70
Contract liabilities	*8*	**493,959,950.74**	–
Employee benefits payable		**453,048,065.29**	343,059,198.72
Taxes payable	*9*	**208,865,299.36**	101,926,736.87
Other payables		**1,346,007,940.53**	1,261,299,757.25
Non-current liabilities due within one year		**403,724,000.00**	333,924,000.00
Total current liabilities		**3,958,111,059.60**	4,080,891,864.38
Non-current liabilities			
Long-term borrowings	*10*	**6,138,966,492.98**	6,490,490,492.98
Long-term payable		**238,800,000.00**	239,200,000.00
Long-term employee benefits payable		**319,011,081.78**	48,654,080.25
Provisions		**33,860,000.00**	33,860,000.00
Deferred income		**276,743,438.31**	311,182,677.12
Deferred income tax liabilities		**5,241,068.91**	–
Total non-current liabilities		**7,012,622,081.98**	7,123,387,250.35
Total liabilities		**10,970,733,141.58**	11,204,279,114.73
Shareholder's equity			
Share capital		**5,587,412,000.00**	5,587,412,000.00
Capital reserve		**5,202,818,808.47**	5,203,519,979.32
Other comprehensive income		**(1,091,254.83)**	1,702,929.18
Special reserve		**80,726,967.97**	51,433,165.56
Surplus reserve		**1,235,538,930.68**	1,140,530,908.83
Retained profit		**1,789,566,768.00**	1,420,731,065.74
Total equity attributable to shareholders of the parent		**13,894,972,220.29**	13,405,330,048.63
Minority interests		**1,093,485,641.26**	1,165,225,708.80
Total shareholders' equity		**14,988,457,861.55**	14,570,555,757.43
Total liabilities and shareholders' equity		**25,959,191,003.13**	25,774,834,872.16

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2018
RMB

	Note IV	**2018**	2017
Revenue	*10*	**6,876,632,377.63**	7,032,667,734.78
Less: Operating costs	*10*	**4,019,047,390.38**	4,527,385,217.66
Tax and surcharges		**361,644,725.14**	97,546,412.67
Selling expenses		**21,681.76**	77,043.14
Administrative expenses		**1,230,646,109.40**	937,547,430.10
Research and development expenses		**11,574,245.20**	11,903,624.66
Financial costs	*11*	**316,205,582.88**	356,734,890.29
Including: interest expense		**348,220,298.63**	381,082,068.56
interest income		**30,659,370.91**	37,548,241.19
Asset impairment loss		**72,791,190.61**	29,331,904.81
Credit impairment loss		**(20,096,411.46)**	–
Add: other income		**38,531,006.44**	74,930,976.22
Investment income	*12*	**86,105,614.62**	118,805,287.90
Including: investment income from associates and joint ventures		**72,720,649.20**	101,250,625.55
Gains from the disposal of assets		**3,810,534.08**	(4,187,213.00)
Operating profits		**1,013,245,018.86**	1,261,690,262.57
Add: Non-operating income	*13*	**18,279,150.95**	9,262,979.82
Less: Non-operating expenses		**3,338,879.08**	41,172,237.79
Total profit		**1,028,185,290.73**	1,229,781,004.60
Less: Income tax expenses	*14*	**334,513,186.16**	328,566,667.37
Net profit		**693,672,104.57**	901,214,337.23
Classified by business continuity			
Net profit from continuing operations		**693,672,104.57**	901,214,337.23
Classified by ownership			
Net profit attributable to shareholders of the parent		**810,263,268.11**	962,970,848.73
Minority interests		**(116,591,163.54)**	(61,756,511.50)

	Note IV	**2018**	2017
Other comprehensive income, net of tax			
Other comprehensive income attributable to shareholders of the parent, net of tax			
Other comprehensive income not to be reclassified to profit or loss			
Changes in fair value of investments in other equity instruments		**(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		**(14,701.42)**	15,001.80
Exchange differences on foreign currency translation		**2,032,603.16**	(2,935,719.18)
Other comprehensive income attributable to minority shareholders, net of tax		**(8,482,745.46)**	–
Total comprehensive income		**517,762,584.36**	898,293,619.85
Including:			
Total comprehensive income attributable to shareholders of the parent		**642,836,493.36**	960,050,131.35
Total comprehensive income attributable to minority shareholders		**(125,073,909.00)**	(61,756,511.50)
Earnings per share	*15*		
Basic and diluted earnings per share		**0.15**	0.18

NOTES TO FINANCIAL STATEMENTS

31 December 2018

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. (the "Company") is a joint stock company with limited liability incorporated in Hebei province, the People's Republic of China on 31 March 2008. The H shares and A shares of the Company 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 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 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 the Company by resolutions on 27 March 2019.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope is consistent with that of previous year during the Year.

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").

As of 31 December 2018, the Group's current liabilities amounted to approximately RMB603 million. In preparing the financial statements, the management has considered the Group's sources of liquidity, and believes that adequate funding is available to fulfil the Group's future 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. 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 17% on the taxable sales before 1 May 2018. The VAT rate of the Group's taxable income is 16% after 1 May 2018；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	–	Pursuant to the "Environmental Protection Tax Law of the People's Republic of China" issued by the Ministry of Ecology and Environment of the People's Republic of China on 17 April 2017, from 1 January 2018, 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. 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.

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 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.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bills Receivable and Accounts Receivable

	2018	2017
Bills receivable	**151,588,176.50**	330,915,367.80
Accounts receivable	**81,220,129.53**	117,063,250.43
	232,808,306.03	447,978,618.23
Less: Provision for bad debts	**12,664,738.99**	34,070,096.58
	220,143,567.04	413,908,521.65

Bills receivable

	2018	2017
Commercial acceptance notes	**2,848,287.00**	7,040,271.00
Bank acceptance notes	**148,739,889.50**	323,875,096.80
	151,588,176.50	330,915,367.80

As at 31 December 2018, no bills receivable of the Group was pledged or discounted (31 December 2017: nil).

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

	2018		2017	
	Derecognised	**Not Derecognised**	Derecognised	Not Derecognised
Bank acceptance notes	**14,790,193.25**	**–**	14,067,335.00	–

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:

	2018	2017
Within 1 year	**70,829,084.02**	73,087,489.98
1 to 2 years	**457,910.69**	5,134,001.94
2 to 3 years	**4,143,694.59**	18,001,849.80
Over 3 years	**5,789,440.23**	20,839,908.71
	81,220,129.53	117,063,250.43
Less: Provision for bad debts	**12,664,738.99**	34,070,096.58
	68,555,390.54	82,993,153.85

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**
2018	**34,070,096.58**	**1,145,132.16**	**(22,550,489.75)**	**–**	**12,664,738.99**
2017	25,194,510.22	11,451,034.43	(998,571.67)	(1,576,876.40)	34,070,096.58

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

	2017			
	Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
Provision of bad debts made by portfolio of credit risk characteristics	111,026,717.04	95	28,033,563.19	25
Provision for bad debts that are individually insignificant and are provided for bad debts separately	6,036,533.39	5	6,036,533.39	100
	117,063,250.43	100	34,070,096.58	29

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

	2018			2017		
	Estimated balance arising from default	**Expected credit loss ratio** *(%)*	**Lifetime expected credit loss**	Balance	Provision ratio *(%)*	Provision for bad debts
Within 1 year	**70,829,084.02**	**5**	**3,437,663.30**	73,087,489.98	5	3,651,458.48
1 to 2 years	**457,910.69**	**45**	**205,553.68**	2,256,657.55	10	225,665.76
2 to 3 years	**4,143,694.59**	**78**	**3,232,081.78**	16,465,900.80	30	4,939,770.24
Over 3 years	**5,789,440.23**	**100**	**5,789,440.23**	19,216,668.71	100	19,216,668.71
	81,220,129.53	**16**	**12,664,738.99**	111,026,717.04	25	28,033,563.19

For 2018, the provision for bad debts of the Group was RMB1,145,132.16 (2017: RMB11,451,034.43) and the recovered or revised bad debts provision was RMB22,550,489.75 (2017: RMB998,571.67).

For 2018, the Group had no accounts receivable actually written off (2017: RMB1,576,876.40).

As at 31 December 2018, the top five amounts of accounts receivable are as follows:

	Carrying amount		**Provision for bad debts**	
	Amount	**Percentage** *(%)*	**Amount**	**Percentage of provision** *(%)*
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**	

As at 31 December 2017, the top five amounts of accounts receivable are as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
China Shougang International Trade Engineering Co., Ltd. (中國首鋼國際貿易工程有限公司)	33,005,649.06	28.19	23,234,358.32	70
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	23,433,014.00	20.02	1,171,650.70	5
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	16,276,742.00	13.90	813,837.10	5
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	6,036,533.39	5.16	6,036,533.39	100
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)	3,966,130.82	3.39	198,306.54	5
	82,718,069.27	70.66	31,454,686.05	

2. Inventories

	2018			2017		
	Balance	**Provision for impairment**	**Carrying amount**	Balance	Provision for impairment	Carrying amount
Materials	**62,786,373.49**	**4,319,128.82**	**58,467,244.67**	68,813,086.75	–	68,813,086.75
Fuels	**4,047,913.88**	**–**	**4,047,913.88**	10,370,084.33	–	10,370,084.33
Spare parts	**128,941,932.15**	**3,422,881.22**	**125,519,050.93**	116,956,141.46	–	116,956,141.46
Low-cost consumables	**3,459,380.64**	**25,249.83**	**3,434,130.81**	3,753,579.50	–	3,753,579.50
Finished goods	**15,775.86**	**–**	**15,775.86**	329,634.52	–	329,634.52
	199,251,376.02	**7,767,259.87**	**191,484,116.15**	200,222,526.56	–	200,222,526.56

Change in impairment allowance for inventories is as follows:

2018

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
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 the Company 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.

As at 31 December 2017, the Group did not make the provision for decline in value of inventories.

3. Fixed Assets

	2018	2017
Fixed assets	**15,629,069,875.62**	16,153,724,611.99
Disposal of fixed assets	**536,428.95**	–
Fixed assets	**15,629,606,304.57**	16,153,724,611.99

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 1)*	–	–	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 1: 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.

2017

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2017	3,941,088,335.69	8,725,532,732.11	8,458,211,590.88	462,831,564.27	232,221,889.75	21,819,886,112.70
Purchase	–	–	105,408.21	259,245.01	435,060.25	799,713.47
Transferred from construction in progress	1,590,472,980.43	1,422,601,223.33	2,316,145,048.54	61,912,556.51	17,793,170.33	5,408,924,979.14
Reclassification	–	–	609,776.68	–	(609,776.68)	–
Transferred to construction in progress due to renovation and retrofitting	–	–	(5,750,650.98)	–	–	(5,750,650.98)
Decrease due to disposal of a subsidiary	(106,248,359.72)	(1,154,879,842.93)	(596,287,462.18)	(684,307.00)	(6,717,178.48)	(1,864,817,150.31)
Disposal for the year	(1,694,493.00)	–	(54,864,701.86)	(7,118,048.72)	(8,839,124.78)	(72,516,368.36)
Other decrease	(2,205,084.00)	–	–	–	–	(2,205,084.00)
31 December 2017	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
Accumulated depreciation						
1 January 2017	1,045,809,413.14	1,746,751,058.68	5,100,523,460.76	343,010,055.31	174,796,767.10	8,410,890,754.99
Provision for the year *(Note 2)*	196,167,568.61	339,620,876.90	558,028,146.22	31,855,680.87	14,470,882.35	1,140,143,154.95
Reclassification	–	–	112,892.39	–	(112,892.39)	–
Transferred to construction in progress due to renovation and retrofitting	–	–	(3,880,635.77)	–	–	(3,880,635.77)
Decrease due to disposal of a subsidiary	(15,647,773.16)	(197,520,741.80)	(137,454,359.59)	(603,012.26)	(3,010,250.83)	(354,236,137.64)
Disposal for the year	(977,748.15)	–	(51,780,036.97)	(6,781,472.82)	(8,544,302.88)	(68,083,560.82)
31 December 2017	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 impairment						
1 January 2017	–	–	6,162,139.84	–	87,324.95	6,249,464.79
Write off for the year	–	–	(486,100.83)	–	–	(486,100.83)
31 December 2017	–	–	5,676,039.01	–	87,324.95	5,763,363.96
Carrying amounts of fixed assets						
31 December 2017	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
1 January 2017	2,895,278,922.55	6,978,781,673.43	3,351,525,990.28	119,821,508.96	57,337,797.70	13,402,745,892.92

Note 2: In 2018, no depreciation (2017: RMB563,747.41) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalized in construction in progress.

As at 31 December 2018, the Group has no fixed assets which were temporarily idle (31 December 2017: nil).

As at 31 December 2018, the Group is applying for certificates of property ownership for buildings with a book value of RMB839,681,733.36 (31 December 2017: RMB718,349,454.87).

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**

As at 31 December 2017, the Group has no fixed assets leased from under finance leases.

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

	2018	2017
Machinery and equipment	**37,695,820.04**	42,648,459.94
Terminal facilities	**21,498,182.77**	19,378,930.23
Properties and buildings	**2,129,750.27**	15,789,232.49
Office and other equipment	**29,090.47**	36,084.24
	61,352,843.56	77,852,706.90

4. CONSTRUCTION IN PROGRESS

	2018			2017		
	Balance	**Provision for Impairment**	**Carrying amount**	Balance	Provision for Impairment	Carrying amount
Phase 1 (expansion) of metal ores Terminal project in the bulk cargo area of Huanghua Port	**670,779,861.54**	**–**	**670,779,861.54**	665,841,637.51	–	665,841,637.51
Phase 2 of coal terminal project in Caofeidian	**24,421,320.62**	**–**	**24,421,320.62**	236,484,319.46	–	236,484,319.46
Commencing project of complex port zone in Huanghua Port	**16,115,314.45**	**–**	**16,115,314.45**	146,776,135.21	–	146,776,135.21
Reclaimer Update for Phase 2 coal project	**–**	**–**	**–**	57,606,143.24	–	57,606,143.24
Phase 1 of crude oil terminal of Huanghua Port	**24,843,918.62**	**–**	**24,843,918.62**	12,925,493.18	–	12,925,493.18
Others	**20,554,326.68**	**–**	**20,554,326.68**	31,845,834.81	–	31,845,834.81
Total	**756,714,741.91**	**–**	**756,714,741.91**	1,151,479,563.41	–	1,151,479,563.41

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.

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

	Budget	Opening Balance	Increase in the year	Transferred from fixed assets or intangible assets during the year	Transferred to fixed assets and 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		

Movements in significant construction in progress for 2017 are as follows:

	Budget	Opening Balance	Increase in the year	Transferred from fixed assets or intangible assets during the year	Transferred to fixed assets and 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	4,896,360,788.56	311,688,972.77	–	(4,971,565,441.87)	–	236,484,319.46	Loans from financial institutes and self-owned capital	97
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua	3,050,861,400.00	643,570,588.45	22,778,151.64	–	(507,102.58)	–	665,841,637.51	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	111,326,263.42	147,074,157.86	–	(94,253,211.58)	(17,371,074.49)	146,776,135.21	Loans from financial institutes and self-owned capital	88
Construction project of wind-proof net for coal stacking yards	378,000,000.00	34,538,527.23	19,719,783.80	–	(53,965,701.03)	–	292,610.00	Self-owned capital	78
Sewage treatment for Phrase One and Two coal project	33,790,000.00	29,741,243.00	345,537.74	–	(29,745,743.00)	–	341,037.74	Self-owned capital	89
Reclaimer Update for Phase Two coal project	166,510,000.00	993,961.34	56,612,181.90	–	–	–	57,606,143.24	Fund raised	35
Reform of control system for high and low voltage cabinets and belt conveyors for Phase One coal project	39,600,000.00	18,643,970.54	3,220,591.70	–	(21,864,562.24)	–	–	Fund raised	55
Retrofitting of dry for dust suppression of dumpers	19,480,000.00	14,537,587.51	46,132.08	–	(13,923,076.58)	(660,643.01)	–	Self-owned capital	75
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	17,024,607.34	6,637,673.88	–	–	(10,736,788.04)	12,925,493.18	Self-owned capital	1
Others	1,075,176,292.00	64,256,417.99	220,782,844.26	1,870,015.21	(235,091,329.48)	(20,605,760.91)	31,212,187.07		
Total	20,735,922,383.90	5,830,993,955.38	788,906,027.63	1,870,015.21	(5,420,916,168.36)	(49,374,266.45)	1,151,479,563.41		

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%**

Movements in significant construction in progress for 2017 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	97%	837,523,221.83	60,977,478.73	4.41%-5.15%

5. SHORT-TERM BORROWINGS

	2018	2017
Unsecured borrowings	**890,000,000.00**	1,300,000,000.00

As at 31 December 2018, the interest rate of the above borrowing was 4.13%-4.99% per annum (31 December 2017: 3.92%).

As at 31 December 2018, the Group has no overdue borrowings (31 December 2017: nil).

6. BILLS PAYABLE AND ACCOUNTS PAYABLE

At 31 December 2018, the Group has no bills payable (31 December 2017: nil).

	2018	2017
Accounts payable	**162,505,803.68**	218,205,613.84

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

An ageing analysis of accounts payable is as follows:

	2018	2017
Within 1 year	**144,640,696.34**	209,846,241.10
1 to 2 years	**12,027,103.87**	3,126,639.63
2 to 3 years	**2,222,909.38**	2,090,676.60
Over 3 years	**3,615,094.09**	3,142,056.51
	162,505,803.68	218,205,613.84

At 31 December 2018, the Group has no significant accounts payable ageing more than 1 year (31 December 2017: nil).

7. DEPOSITS RECEIVED

	2018	2017
Port handling fees	**–**	518,928,935.83
Weighing fees	**–**	2,347,190.37
Others	**–**	1,200,431.50
	–	522,476,557.70

As at 31 December 2017, the Group had no significant deposits received aging more than 1 year.

8. CONTRACT LIABILITIES

	1 January 2018 (based on the New Revenue Standard)	**Increase in the year**	**Revenue recognized**	**Other changes**	**31 December 2018**
Port handling fees	518,928,935.83	6,621,131,700.14	(6,633,782,975.84)	(15,254,294.14)	491,023,365.99
Weighing fees	2,347,190.37	15,401,594.30	(14,610,711.40)	(683,338.85)	2,454,734.42
Others	1,200,431.50	2,334,210.23	(1,581,984.55)	(1,470,806.85)	481,850.33
	522,476,557.70	6,638,867,504.67	(6,649,975,671.79)	(17,408,439.84)	493,959,950.74

9. TAXES PAYABLE

	2018	2017
Value-added tax	**906,457.03**	229,287.12
Enterprise income tax	**125,869,064.38**	90,622,484.71
Individual income tax	**3,880,665.98**	10,925,227.91
Environmental Protection tax	**77,122,852.84**	–
Urban maintenance and construction tax	**64,537.28**	21,613.41
Education surcharge	**46,098.06**	15,438.16
Others	**975,623.79**	112,685.56
	208,865,299.36	101,926,736.87

10. LONG-TERM BORROWINGS

	2018	2017
Unsecured borrowings	**6,542,290,492.98**	6,824,014,492.98
Less: long-term borrowings due within one year	**403,324,000.00**	333,524,000.00
Non-current portion	**6,138,966,492.98**	6,490,490,492.98

As at 31 December 2018, the interest rate of the above borrowings ranged from 4.28%-5.15% per annum (31 December 2017: 4.28%-5.15%).

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

	2018	2017
Within 1 year (including 1 year)	**403,324,000.00**	333,524,000.00
Within 2 years (including 2 years)	**602,284,000.00**	615,418,949.00
Within 3 to 5 years (including 3 years and 5 years)	**2,043,577,449.48**	2,461,067,198.00
Over 5 years	**3,493,105,043.50**	3,414,004,345.98
	6,542,290,492.98	6,824,014,492.98

11. OPERATING REVENUE AND COST

	2018	2017
Revenue from the principal operations	**6,855,827,818.73**	7,025,427,437.68
Revenue from other operations	**20,804,558.90**	7,240,297.10
	6,876,632,377.63	7,032,667,734.78

	2018	2017
Cost of the principal operations	**4,013,338,634.69**	4,525,389,286.11
Cost of other operations	**5,708,755.69**	1,995,931.55
	4,019,047,390.38	4,527,385,217.66

Revenue is as follows:

	2018	2017
Revenue from service in relation to coal and relevant products	**5,352,601,924.53**	5,360,058,109.72
Revenue from service in relation to metal ore and relevant products	**1,128,386,908.96**	1,212,162,376.34
Revenue from service in relation to general and other cargoes	**128,860,557.45**	176,418,176.52
Revenue from container service	**87,290,169.19**	103,654,855.85
Revenue from service in relation to liquefied cargoes	**58,101,119.75**	66,975,920.37
Revenue from others	**121,391,697.75**	113,398,295.98
	6,876,632,377.63	7,032,667,734.78

12. FINANCIAL COST

	2018	2017
Interest expenses	**352,273,663.99**	442,059,547.29
Including: interest on bank loans repayable within 5 years	**160,882,309.16**	286,977,039.19
interest on other loans	**191,391,354.83**	155,082,508.10
Less: interest income	**30,659,370.91**	37,548,241.19
Less: capitalised interest	**4,053,365.36**	60,977,478.73
Foreign exchange (gain)/loss	**(4,478,804.79)**	12,825,814.83
Others	**3,123,459.95**	375,248.09
	316,205,582.88	356,734,890.29

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

The breakdown of interest income is as follows:

	2018	2017
Cash and Bank Balances	**30,659,370.91**	37,548,241.19

13. INVESTMENT INCOME

	2018	2017
Long-term equity investment income accounted for under the equity method	**72,720,649.20**	101,250,625.55
Dividend income on holding available-for-sale financial assets	**–**	4,172,048.94
Dividend income on other equity instrument investments held	**6,920,518.48**	–
Investment income generated from disposal of subsidiaries	**–**	8,366,280.02
Investment income from disposal of financial assets held for trading	**6,464,446.94**	4,649,180.39
Investment income from disposal of available-for-sale financial assets	**–**	367,153.00
	86,105,614.62	118,805,287.90

14. NON-OPERATING INCOME

	2018	2017	Including 2018 non-recurring gains and losses
Gains from spoilage and obsolescence of non-current assets	**7,612,658.88**	6,026,879.54	7,612,658.88
Government subsidy	**2,000,000.00**	–	2,000,000.00
Payables waived	**6,675,322.57**	423,764.60	6,675,322.57
Others	**1,991,169.50**	2,812,335.68	1,991,169.50
	18,279,150.95	9,262,979.82	18,279,150.95

15. INCOME TAX EXPENSE

	2018	2017
Current income tax expenses	**409,944,323.72**	366,158,995.37
Deferred income tax expenses	**(75,431,137.56)**	(37,592,328.00)
	334,513,186.16	328,566,667.37

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

	2018	2017
Total profit	**1,028,185,290.73**	1,229,781,004.60
Income tax expenses at the statutory tax rate	**257,046,322.68**	307,445,251.15
Effect of different tax rates of subsidiaries	**(25,794,617.99)**	(19,686,094.91)
Income not subject to tax	**(1,730,129.62)**	(1,043,012.24)
Share of profits and losses of joint ventures and associates	**(18,180,162.30)**	(25,312,656.39)
Expenses not deductible for tax	**10,559,263.33**	25,544,844.70
Utilizing deductible losses not recognized in previous years	**(804,410.80)**	(3,931,695.42)
Unrecognized deductible losses	**87,960,795.07**	38,089,657.27
Unrecognized deductible temporary differences	**26,821,460.04**	(464,443.51)
Adjustments in respect of current income tax of previous periods	**(4,175,188.91)**	3,194,378.95
Others	**2,809,854.66**	4,730,437.77
Income tax expense at the Group's effective rate	**334,513,186.16**	328,566,667.37

16. EARNINGS PER SHARE

	2018	2017
Basic and diluted earnings per share from continuing operations	**0.15**	0.18

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:

	2018	2017
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company from continuing operations	**810,263,268.11**	962,970,848.73
Shares		
Weighted average number of ordinary shares in issue of the Company	**5,587,412,000.00**	5,240,381,863.01

The Company had no dilutive potential ordinary shares in issue during 2018 (2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) INDUSTRY OVERVIEW

(1) Overview of Port Industry in the PRC

In 2018, China's GDP exceeded RMB90 trillion for the first time, representing a year-on-year increase of 6.6%, and the stability and resilience of macroeconomic operations increased significantly. With the supply-side structural reform being further advanced, the three major battles have been carried out in a solid manner, the new economic drivers have grown rapidly, the economic structure has been optimized continuously, the pace of reform and opening up has accelerated, and new progress has been made in transformation and upgrading. Under such background, the throughput of ports above designated size nationwide reached 9.213 billion tonnes, representing a year-on-year increase of 4.2%.

(2) Overview of Port Coal Industry in the PRC

In 2018, with the continuous advancement of the policy of replacing coal production capacity and releasing quality production capacity, the production of raw coal gradually recovered. The output of raw coal in 2018 was 3.55 billion tonnes, representing a year-on-year increase of 5.2%, and the growth rate was 2.0 percentage points higher than the previous year. The Production of raw coal continued to be concentrated in advantageous regions and enterprises, in which, the production of raw coal in Inner Mongolia, Shanxi and Shaanxi provinces accounted for 68.9% of the total output nationwide, an increase of 2.0 percentage points over the previous year. The import of raw coal reached 280 million tonnes, representing a year-on-year increase of 3.9%, and the growth rate dropped by 2.2 percentage points from the previous year.

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

In 2018, the elimination of backward production capacity in China's steel industry was still continuing, the environmental protection and production restriction were relaxed to a certain extent, and the supply kept relatively stable. The winter environmental protection and production restriction policy has been relaxed compared with last year. In 2018, the output of crude steel in China was 928 million tonnes, representing a year-on-year increase of 6.6%, and the growth rate was 0.9 percentage point higher than the previous year. In 2018, the overall environmental protection and production restriction were relatively loose, however, due to the destocking of import of iron ore from domestic ports and the impact of steel profit changes, the annual import volume of iron ore was 1.064 billion tonnes, representing a year-on-year decrease of 10.266 million tonnes or 1.0%.

(4) Overview of Port Oil Industry in the PRC

In 2018, the decline in crude oil production narrowed, and the production has gradually stabilized since the sharp decline in 2016. The output of crude oil in 2018 was 190 million tonnes, down by 1.3% from the previous year, and the decline was 2.7 percentage points lower than the previous year. In 2018, the import of crude oil was 460 million tonnes, up by 10.1%, and unchanged from the previous year.

Source: Ministry of Transport, websites of National Development and Reform Commission and General Administration of Customs of the PRC

(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 RMB6,876,632 thousand, representing a decrease of RMB156,036 thousand or 2.22% as compared with the revenue of RMB7,032,668 thousand in 2017. Such decrease was mainly attributable to: 1. a decrease in cargo throughput of Qinhuangdao Port and Cangzhou Bohai, a subsidiary of the Group, as a result of the demand for thermal coal in the south and horizontal competition among neighboring ports; 2. the year-on-year increase in the revenue led by the increase in throughput in Cangzhou Mineral Port and Caofeidian Coal Port, the subsidiaries of the Group.

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

	For the year ended 31 December					
	2018		2017			
	Revenue *(RMB'000)*	**Percentage of total revenue** *(%)*	Revenue *(RMB'000)*	Percentage of total revenue *(%)*	Increase/ (decrease) *(RMB'000)*	Increase/ (decrease) *(%)*
Coal	**5,352,602**	**77.84**	5,360,058	76.22	(7,456)	(0.14)
Metal ore	**1,128,387**	**16.41**	1,212,162	17.24	(83,775)	(6.91)
Oil and liquefied chemicals	**58,101**	**0.84**	66,976	0.95	(8,875)	(13.25)
Container	**87,290**	**1.27**	103,655	1.47	(16,365)	(15.79)
General and other cargoes	**128,861**	**1.87**	176,418	2.51	(47,557)	(26.96)
Others	**121,391**	**1.77**	113,399	1.61	7,992	7.05
Total	**6,876,632**	**100.00**	**7,032,668**	**100.00**	**(156,036)**	**(2.22)**

(2) Operating Cost

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

During the Year, the operating cost of the Group amounted to RMB4,019,047 thousand, representing a decrease of RMB508,338 thousand or 11.23% as compared with the operating cost of RMB4,527,385 thousand in 2017. The decrease was mainly attributable to the year-on-year decrease in the labour cost and maintenance expenses of the Group and the fact that the environmental protection and sewage charges were no longer included in the operating cost after being replaced with environmental protection tax in 2018.

(3) Gross Profit Margin

During the Year, the gross profit of the Group amounted to RMB2,857,585 thousand, representing an increase of RMB352,302 thousand or 14.06% as compared with the gross profit of RMB2,505,283 thousand in 2017. The gross profit margin of the Group was 41.56% for the Year, representing an increase of 5.94 percentage points as compared with 35.62% in 2017. Such increase was mainly due to the fact that the year-on-year decrease in operating cost was greater than the year-on-year decrease in revenue.

(4) Segment Analysis (Business Review)

During the Year, the Group achieved a total cargo throughput of 382.38 million tonnes, representing an increase of 1.75 million tonnes or 0.46%, as compared with the throughput of 380.63 million tonnes in 2017. The throughputs generated from each of the ports which we operate are as follows:

	For the year ended 31 December					
	2018		2017			
	Throughput *(million tonnes)*	**Percentage of total throughput** *(%)*	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Qinhuangdao Port	**222.05**	**58.07**	237.73	62.46	(15.68)	(6.60)
Caofeidian Port	**96.88**	**25.34**	77.12	20.26	19.76	25.62
Huanghua Port	**63.45**	**16.59**	65.78	17.28	(2.33)	(3.54)
Total	**382.38**	**100.00**	**380.63**	**100.00**	**1.75**	**0.46**

During the Year, the Group achieved a cargo throughput of 222.05 million tonnes in Qinhuangdao Port, representing a decrease of 15.68 million tonnes or 6.60% from 237.73 million tonnes for 2017.The decrease was mainly due to the decreased coal cargo throughput of the Group as a result of the demand for thermal coal in the south and horizontal competition among neighboring ports.

The Group achieved a cargo throughput of 96.88 million tonnes in Caofeidian Port, representing an increase of 19.76 million tonnes or 25.62% from 77.12 million tonnes for 2017. The increase was mainly due to the significant increase in coal throughput of Caofeidian Coal Port, a subsidiary of the Company, which was included in the statistics of total throughput.

The Group achieved a cargo throughput of 63.45 million tonnes in Huanghua Port, representing a decrease of 2.33 million tonnes or 3.54% from 65.78 million tonnes for 2017. The decrease was mainly due to the decreased throughput of Huanghua Port with the impact of strengthened environmental pressure and transportation structure adjustment, and the Group has taken various measures to ensure smooth operation. Under the background of the ban on "truck transportation of coal", the Group continued to actively develop the cargo sources of "rail transportation of coal" and coordinated the resources of all parties to work in the rail transportation of coal and coal products.

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

	For the year ended 31 December					
	2018		2017			
	Throughput ***(million tonnes)***	**Percentage of total throughput** ***(%)***	Throughput *(million tonnes)*	Percentage of total throughput *(%)*	Increase/ (decrease) *(million tonnes)*	Increase/ (decrease) *(%)*
Coal	**244.22**	**63.87**	233.40	61.32	10.82	4.64
Metal ore	**105.46**	**27.58**	119.06	31.28	(13.60)	(11.42)
Oil and liquefied chemicals	**2.52**	**0.66**	3.15	0.83	(0.63)	(20.00)
Container	**19.11**	**5.00**	15.93	4.18	3.18	19.96
General and other cargoes	**11.07**	**2.89**	9.09	2.39	1.98	21.78
Total	**382.38**	**100.00**	**380.63**	**100.00**	**1.75**	**0.46**

(i) *Dry bulk cargoes handling services*

During the Year, the Group achieved a total coal throughput of 244.22 million tonnes, representing an increase of 10.82 million tonnes or 4.64% from 233.40 million tonnes for 2017. Such increase was mainly due to the significant increase in coal throughput of Caofeidian Coal Port, a subsidiary of the Group, which was included in the statistics of total throughput.

During the Year, the Group achieved a total metal ores throughput of 105.46 million tonnes, representing a decrease of 13.60 million tonnes or 11.42% from 119.06 million tonnes for 2017. Such decrease was mainly due to the environmental protection policies affected the demand for iron ore of iron and steel enterprises in the hinterland to a certain extent, and the difficulties such as cargo sources competition from other ports.

(ii) *Oil and liquefied chemicals handling services*

During the Year, the Group recorded a total oil and liquefied chemicals throughput of 2.52 million tonnes, representing a decrease of 0.63 million tonnes or 20.00% from 3.15 million tonnes for 2017. The decrease was mainly due to the fact that the Group's cargoes source was affected by the production suspension for overhaul of asphalt plants in the hinterland and the decrease in production volume of offshore crude oil.

(iii) *Container service*

During the Year, the Group recorded a total container throughput of 1,300,436 TEU, equivalent to a throughput of 19.11 million tonnes, representing increases in the number of containers handled and throughput of 87,520 TEU and 3.18 million tonnes, respectively, (i.e. 7.22% and 19.96%, respectively) as compared with the number of containers handled and throughput of 1,212,916 TEU and 15.93 million tonnes for 2017 respectively. The increase was mainly due to the Group cooperated with railway and shipping companies in market development to further expand the cargoes sources of "dry bulk & general cargoes to containers", developed cargo sources from the hinterland, and continued to do a good job in the coal lump sea-rail freight trains and expand the cross-border sea-rail multimodal transport business.

(iv) *General cargoes handling services*

During the Year, the Group recorded a total throughput of general and other cargoes of 11.07 million tonnes, representing an increase of 1.98 million tonnes or 21.78% from 9.09 million tonnes for 2017. The increase was mainly due to the Group increased its efforts in cargo collection and market development, and strived to undertake new cargo sources; actively captured market information by carefully combing and developing the cargo sources from the hinterland to lay a solid foundation for subsequent efforts to obtain more cargo sources; and strengthened production organization to further improve the loading and unloading efficiency.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. Our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services during the Year. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. During the Year, the revenue of the Group from ancillary port services and value-added services amounted to RMB288,481 thousand, representing an increase of 9.40% as compared to the revenue from ancillary port services and value-added services of RMB263,689 thousand in 2017.

(5) Tax and Surcharges

During the Year, the tax and surcharges of the Group amounted to RMB361,645 thousand, representing an increase of RMB264,099 thousand or 270.74% as compared with RMB97,546 thousand for 2017. Such increase was mainly attributable to the fact that the environmental protection and sewage charges were included in the tax and surcharges after replacing it with environmental protection tax in 2018.

(6) Administrative Expenses and Selling Expenses

During the Year, our total administrative expenses and selling expenses amounted to RMB1,230,668 thousand, representing an increase of RMB293,044 thousand or 31.25% from RMB937,624 thousand for 2017. The increase was mainly attributable to the year-on-year increase in 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

During the year, the Group's provision for such retiring expenses was RMB449,283 thousand, representing an increase of RMB424,544 thousand or 1,716.09% from RMB24,739 thousand for 2017, which was mainly attributable to the increase in number of employees who leave their posts and wait for retirement during the 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 the previous year when the employee officially leaves their posts and waits for retirement. At the same time, the Group 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 Group, 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 it in administrative expenses at one time.

(8) Financial Expenses

During the Year, financial expenses of the Group amounted to RMB316,206 thousand, representing a decrease of RMB40,529 thousand or 11.36% from RMB356,735 thousand for 2017. The decrease was mainly attributable to the fact that the year-on-year decrease in the amount of loans led to a decrease in interest expenses and a year-on-year increase in net foreign exchange gain.

(9) Impairment Loss of Asset and Impairment Loss of Credit

Since 1 January 2018, the provisions for bad debts of receivables of the Group have been included in the items of the impairment losses of credit. During the Year, the impairment losses of the asset and the impairment losses of credit of the Group amounted to RMB52,695 thousand in total, representing an increase of RMB23,363 thousand or 79.65% as compared with RMB29,332 thousand for 2017. Such increase was mainly attributable to: 1. the losses of the provision for impairment losses on fixed assets and inventories caused by the resurrecting of mineral ores on shares and the termination of mineral ones subsidiary; 2. the recovery of accounts receivable for provision for bad debts in previous years.

(10) Other Income

During the Year, other income of the Group amounted to RMB38,531 thousand, representing a decrease of RMB36,400 thousand or 48.58% from RMB74,931 thousand for 2017. The decrease was mainly attributable to receiving benefits and employment subsidies in previous year.

(11) Investment Income

During the Year, investment income of the Group amounted to RMB86,106 thousand, representing a decrease of RMB32,699 thousand or 27.52% from RMB118,805 thousand for 2017. The decrease was mainly attributable to the fact that 1. the year-on-year decrease in the recognized investment income from associates and joint ventures; 2. the recognition of investment income from disposal of Jinji International Container Terminal Co., Ltd. for the corresponding period in 2017.

(12) Gain on Disposal of Assets and Net Non-operating Revenue and Expenses

During the Year, gain on disposal of assets and net non-operating revenue and expenses of the Group amounted to RMB18,751 thousand, representing an increase of RMB54,847 thousand or 151.95% from RMB-36,096 thousand for 2017. The increase was mainly attributable to the increase in net income from disposal and sale of assets.

(13) *Income Tax Expense*

Income tax expense of the Group increased by RMB5,946 thousand to RMB334,513 thousand for the Year from RMB328,567 thousand for 2017, the effective income tax rate of the Group increased to 32.53% for the Year from 26.72% for 2017, which was mainly due to the effect of the decrease in the total profit and the increase in the deductible losses unrecognized and deductible temporary differences unrecognized.

(14) *Net Profit*

Net profit of the Group for the Year amounted to RMB693,672 thousand, representing a decrease of RMB207,542 thousand or 23.03% from RMB901,214 thousand for 2017. Our net profit attributable to owners of the parent for the Year amounted to RMB810,263 thousand, representing a decrease of RMB152,708 thousand or 15.86% from RMB962,971 thousand for 2017.

During the Year, net profit margin of the Group was 10.09%, representing a decrease of 2.27 percentage points from 12.81% for 2017.

(15) *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 Group for the Year amounted to RMB0.15, representing a decrease of 16.67% from RMB0.18 for 2017. Please refer to Note IV, 15 to the financial statements for the calculation of earnings per Share.

(16) *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 flows generated from operating activities amounted to RMB2,697,203 thousand, representing a decrease of RMB206,045 thousand or 7.10% as compared with the net cash inflows in 2017 (RMB2,903,248 thousand). Such decrease was mainly resulted from the decrease in revenue and the increase in the tax paid.

During the Year, net cash flows generated from investing activities amounted to RMB-70,421 thousand, representing an increase of RMB1,616,117 thousand or 95.82% as compared with RMB-1,686,538 thousand in 2017. Such increase was mainly resulted from the year-on-year decrease in the payment of the projects and additional investment on joint and associate ventures.

During the Year, net cash flows generated from financing activities amounted to RMB-1,647,966 thousand, representing a decrease of RMB296,359 thousand as compared with RMB-1,351,607 thousand in 2017. Such decrease was mainly resulted from the combined effect of the year-on-year net decrease in bank borrowings and the year-on-year increase in funds raised from the issuance of A Shares and distribution of dividends for the last year.

Due to the above reasons, as at 31 December 2018, the Group held a balance of cash and cash equivalents of RMB1,984,474 thousand, representing an increase of RMB985,327 thousand or 98.62% from RMB999,147 thousand as at 31 December 2017.

As at 31 December 2018, the gearing ratio (total liabilities divided by total assets) of the Group was 42.26%, decreased by 1.21 percentage points as compared with the gearing ratio of 43.47% as at 31 December 2017. Such decrease was mainly due to the increase in the repayment of loans for the Year.

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

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Net cash flow generated from operating activities	**2,697,203**	2,903,248
Net cash flow generated from investing activities	**-70,421**	-1,686,538
Net cash flow generated from financing activities	**-1,647,966**	-1,351,607
Net increase in cash and cash equivalents	**985,327**	-150,659
Cash and cash equivalents at the beginning of year	**999,147**	1,149,806
Cash and cash equivalents at the end of year	**1,984,474**	999,147

(17) 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.

(18) Bank Loans and Other Borrowings

As at 31 December 2018, the details of the Group's bank loans and other borrowings are set out in Notes IV, 5 and 9 to the financial statements of this announcement.

(19) Pledge of Assets and Contingent Liabilities

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

(20) Capital Commitment

	2018	2017
Contracted, but not provided for		
Investment commitments	**1,140,000,000.00**	1,140,000,000.00
Capital commitments	**37,908,215.24**	101,463,438.18
	1,177,908,215.24	1,241,463,438.18

(21) Management of Working Capital

	31 December 2018	31 December 2017
Current ratio	**0.85**	0.70
Quick ratio	**0.77**	0.59
Turnover days of trade receivables	**4.02**	6.05
Turnover days of trade payables	**17.29**	12.94

As at 31 December 2018, the Group's current ratio and quick ratio were 0.85 and 0.77, respectively, representing an increase as compared with the current ratio of 0.70 and quick ratio of 0.59 as at 31 December 2017. The turnover days of trade receivables for this year was 4.02 days and the turnover days of trade payables was 17.29 days, representing a decrease of 2.03 days as compared with (6.05 days) in 2017 and an increase of 4.35 days as compared with (12.94 days) in 2017, respectively. Expect for the turnover days of trade receivables, all indicators above have improved compared with those of 2017, and the turnover days of trade receivables are significantly better than the average level in the industry.

(22) Overview of Major Investment

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

(a) The Company intends to increase its capital contribution (the "Capital Increase") to Cangzhou Crude Oil Stevedoring Co. by instalment with the cap amount of RMB551 million. The specific timing and scale of the contribution will be determined in the shareholders' general meeting of Cangzhou Crude Oil Stevedoring Co. with reference to the progress of the crude oil terminal project in the bulk cargo area of Huanghua Port. It is expected that the Company will continue to hold 65% of shareholding of Cangzhou Crude Oil Stevedoring Co. upon the Capital Increase. The Company increased its capital contribution by RMB45,500,000 to Cangzhou Crude Oil Stevedoring Co. during the Year. The Company will make further announcements on the progress and development of the Capital Increase in Cangzhou Crude Oil Stevedoring Co. in due course in accordance with the requirements of relevant laws and regulations (including the Listing Rules) and fulfill the necessary compliance requirements. For details of the transaction, please refer to the announcement of the Company dated 29 March.

(b) On 19 November 2018 (after trading hours), the Company, HBIS and Cangzhou Mineral Port entered into a capital increase agreement, pursuant to which the Company has agreed to contribute RMB818,812,300 in cash on its own to Cangzhou Mineral Port, while HBIS has agreed to waive its rights of pre-emption. Following the Cangzhou Mineral Port Capital Increase, the Company and HBIS will hold 98.895% and 1.105% equity interests of Cangzhou Mineral Port, respectively. Of the total contribution of RMB818,812,300 to be made by the Company, RMB755,348,200 will be used as the registered capital of Cangzhou Mineral Port, and RMB63,464,100 as its capital reserve.

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

(III) PROSPECTS

In the coming years, the Group will firmly grasp major development opportunities arising from Beijing-Tianjin-Hebei coordinated development, One Belt One Road initiative and construction of Xiongan New Area through adopting multiple measures to enhance profitability and sustainable development capacity. These measures mainly include: 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 general cargoes and container businesses and keep up with the development of advanced ports in the Bohai Rim; establish a regional oil distribution centre and proactively plan the layout of LNG business. The Group will continue to implement the cross-harbour 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; accelerate the infrastructure construction, continue to enhance the level of technology and equipment, devote greater effort in technical innovation, propel the deep integration between Internet and business operations and promote the new and old kinetic energy conversion; 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.

The business prospects of the Group in 2019 are as follows:

Coal business

From the macroscopic perspective, China's economy is still facing unabated internal and external pressures with downturn risks, policy of achieving stable growth and safeguarding against risk will be implemented and the development trend of economy to grow in a sound manner in the long run maintains the same. In 2019, production volume of raw coal in China is expected to maintain its growth momentum and effective supply quality of coal will continue to improve. Overall electricity consumption boasts a growth rate of 5.5%. In 2019, the market sentiment of coal industry in China will be relatively stable and has a promising outlook. The coal throughput of the Group is expected to achieve a moderate increase.

Metal ores business

It is expected that import demand for ores of steelworks in economic hinterland of the Group will remain stable. The Group will continue to develop ore trading cargo sources in economic hinterland vigorously and attend to ore mixing business. Meanwhile, the Group will do the transformation works from road haulage to rail-freight transport well and devote greater effort in train transportation.

Oil business

The Group will increase the efforts in cargo canvassing, closely monitor the market, carry out onsite visit to relevant business units and perform research work related to cargo sources such as LNG. The Group will endeavor to develop cargo sources, conduct research about the transshipment business of foreign trade of oil and put "customs supervised storage tanks" into use as early as possible. We search for growth and strive to reach the break-even point of oil.

Container business

The Group will take full advantage of the opportune time when China is taking the coordinated development of Beijing-Tianjin-Hebei integration strategy forward and Hebei province vigorously develop container business to cooperate with railway and shipping companies in market development. While we are deep ploughing local market, we also tease out and conduct research about cargo sources, such as coal lump, sodium hydroxide and PVC, in remote economic hinterland, and further increase the cargoes sources of "dry bulk & general cargoes to containers". We will further expand the multimodal transportation businesses including sea-rail intermodal transportation and cross-border sea-rail transportation of coal lump.

General cargoes business

The Group will devote greater effort in cargo canvassing and market development, striving to attract new customers. We will gain understanding about demand of upstream and downstream markets and the customers as well as the cargo sources condition in order to draw on comparative strengths in service quality and maintain the existing market shares while achieving growth.

OTHER INFORMATION

(I) Use of Proceeds from the Global Offering

The H Shares of the Company have been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds of the Company from the Global Offering amounted to HK$3,823 million. The use of proceeds from the Global Offering disclosed in the section "Future Plans and Use of Proceeds" in the Prospectus from the Company's listing 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 the Global Offering, the Board of Directors of the Company considers that it is necessary to adjust the use of proceeds from the Global Offering of the plan and has already made a resolution to approve the adjustment of the unused proceeds from the Global Offering into working capital and general corporate purposes. The Board believes that the above adjustments to the use of proceeds from the Global Offering 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 Company and its Shareholders. For details, please refer to the announcement of the Company dated 27 October 2017.

(i) As of 31 December 2018, HK$3,732.1801 million of the proceeds from the Global Offering have been used by Company and HK$124.4805 million of the proceeds from the Global Offering remain unused, including the self-raised funds for the payment of the listing expenses of HK$24.0174 million and the net interest income relating to the proceeds from the Global Offering of HK$9.8874 million. The specific use of proceeds from the Global Offering is as follows:

(Expressed in 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 amount of proceeds used 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	37,469.12	–	132.14
Total		**382,275.58**	**373,218.01**	**5,554.62**	**3,502.95**

Notes:

1. the "Amount of proceeds from fund raising" annotated as column (b) in the table (totaling HK$3,732.1801 million) represents the amount of proceeds from the Global Offering actually used;

2. the "Amount of proceeds not from fund raising" annotated as column (c) in the table (totaling HK$55.5462 million) 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$35.0295 million) represents the difference between the actual amount allocated to the Intended Purposes (including amounts paid from the proceeds from the Global Offering and amounts paid with the Company's internal resources) and the expected amount of proceeds from the Global Offering allocated to the Intended Purposes.

(ii) As of 31 December 2018, the balance of proceeds from the Global Offering of HK$124.4805 million included the followings:

1. 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$35.0295 million;

2. amount of proceeds not from fund raising for the payment of the equipment in the investment projects in the amount of HK$55.5462 million;

3. self-raised funds for the payment of the listing expenses of HK$24.0174 million and the net interest income relating to the proceeds in the amount of HK$9.8874 million. The "self-raised funds for the payment of the listing expenses of HK$24.0174 million" represents the amount paid with internal resources of the Company for the purpose of listing expenses; and the "net interest income relating to the proceeds in the amount of HK$9.8874 million" represents the net interest income generated from the proceeds from the Global Offering and kept in the designated bank account for the Global Offering (the "Designated Account").

The balance of proceeds from the Global Offering of HK$124.4805 million 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 the Global Offering" shall represent the balance of proceeds from the Global Offering kept in the Designated Account.

The Company would like to further explain how to reconcile the amount of HK$35.0295 million with the amount of HK$124.4805 million (being the balance kept in the Designated Account): The amount of HK$55.5462 million and the amount of HK$24.0174 million 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$9.8874 million arising from the proceeds of the Global Offering, all such items and the amount of HK$35.0295 million had been aggregated to arrive at the amount of HK$124.4805 million, being the balance kept in the Designated Account.

(II) Events After the Reporting Period

Provision for Costs on Employees who Leave their Posts and Wait for Retirement

The "Resolution in relation to the Provision for Costs on Employees who Leave their Posts and Wait for Retirement" was considered and approved at the ninth meeting of the fourth session of the Board of the Company convened on 28 February 2019, pursuant to which, the provision for the costs on employees who leave their posts and wait for retirement will be no more than RMB323 million, and it is expected that the net profit for the year 2019 will decrease by no more than RMB323 million.

External Investment

As considered and approved at the ninth meeting of the fourth session of the Board of the Company convened on 28 February 2019, the Company intends to enter into the "Cooperation Agreement on Construction Project of Phases VI and VII of Coal Terminal in Caofeidian Port Zone of Tangshan Port" with Datong Coal Mine Group Company Limited (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, and to build Phases VI and VII project of Caofeidian Coal Terminal. The registered capital of the joint venture is RMB3 billion, the Company will contribute RMB1.77 billion, and the shareholding of the parties in the joint venture will be 59%, 40% and 1% by the Company, Datong Group and Caofeidian Port Group, respectively. The investment does not constitute a material asset reorganization as stipulated in the Administrative Measures for the Material Asset Reorganization of Listed Companies, and is not subject to the approval by the general meeting, but is still subject to the approval by the competent state-owned assets supervision authority.

Assets Held-for-sale

On 18 January 2019, Caofeidian Coal Port, a subsidiary of the Group, entered into an agreement on compensation for acquisition of state-owned land use rights with Caofeidian Land Reserve Center, and Caofeidian Coal Port has received RMB188 million of reserve fund for land use right on 23 January 2019. On 20 March 2019, the Company entered into the Equity Restructuring Framework Agreement with Coal and Transportation Subsidiary of Zhejiang Energy Group Co Ltd.

(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 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

The Board proposed distribution of final dividends of RMB0.077 (tax inclusive) per Share for the Year to the Shareholders of the Company. If the profit distribution plan is approved by the Shareholders at the Annual General Meeting, final dividends will be distributed to the Shareholders whose names appear on the register of members of the Company on 4 July 2019 by 20 August 2019. In accordance with the Articles of Association of the Company, dividends payable to holders of the A Shares will be made and paid in RMB, whereas dividends payable to holders of the H Shares will 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 (中國人民銀行) during the week prior to the Annual General Meeting to be held on 20 June 2019.

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 organisations 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 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.

The 2018 AGM of the Company will be held on Thursday, 20 June 2019. In order to determine the holders of H Shares who will be entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2019 to Thursday, 20 June 2019 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares of the Company to qualify for attending the 2018 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Monday, 20 May 2019.

Subject to the approval of the resolution regarding the declaration of dividends at the 2018 AGM, dividends will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on 4 July 2019. The register of the Company will be closed from Saturday, 29 June 2019 to Thursday, 4 July 2019 (both days inclusive), during which period no transfer of shares will be registered. In order for the holders of H Shares of the Company to qualify for receiving the final dividends, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 28 June 2019. The Company has no obligation and will not be responsible for confirming the identities of the Shareholders. The Company held no liability in respect of any claims arising from any delay in, or inaccurate determination of the identity of the Shareholders or any disputes over the mechanism of withholding.

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

Annual General Meeting

The AGM of the Company will be held on Thursday, 20 June 2019. In order to determine the holders of H Shares who will be entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2019 to Thursday, 20 June 2019 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares of the Company to qualify for attending the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Monday, 20 May 2019.

(VII) Audit Committee

The Audit Committee of the Company has reviewed the annual results for 2018 and the financial statements for the year ended 31 December 2018 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 2018 annual report containing all information about the Company set out in this preliminary results announcement for the year ended 31 December 2018 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 its adjourned meetings of the Company to be held at 10:00 am on Thursday, 20 June 2019 at Sea View Hotel, 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 96.08% of its equity interest held by the Company as at the date of this results announcement
"Cangzhou Crude Oil Stevedoring Co."	Cangzhou Huanghua Port Crude Oil Stevedoring Co., Ltd. (滄州黃驊港原油港務有限公司), a company incorporated in the PRC with limited liability on 25 April 2014, with 65.00% of its equity interest held by the Company as at the date of this results announcement
"Cangzhou Mineral Port"	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 10 April 2012, with 98.47% of its equity interest held by the Company as at the date of this results announcement
"Caofeidian Coal Port"	Tangshan Caofeidian Coal Port Co., Ltd. *(唐山曹妃甸煤炭港務有限公司)，a company incorporated in the PRC with limited liability on 29 October 2009, with 51.00% its equity interest held by the Company as at the date of this results announcement
"HBIS"	HBIS Group Co., Ltd. (河鋼集團國際物流有限公司), a company incorporated in the PRC with limited liability
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province

"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 the Company
"A Share(s)"	the RMB ordinary share(s) issued by the Company in China, which are subscribed for in RMB and listed on the SSE, with a nominal value of RMB1.00 each
"dry bulk"	solid commodity cargo comprised of major dry bulk (coal, metal ores and grain) and other dry bulk commodities such as sugar, cement and fertilizer
"Global Offering"	the issuance of H Shares of the Company by way of Hong Kong public offering and international offering in 2013
"Group", "the Group", "us" or "we"	the Company and all of its subsidiaries (unless the context otherwise requires)
"harbour"	a port of haven where ships may anchor
"HK$" or "Hong Kong dollar(s)"	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), which directly holds 54.27% 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 subscribed and traded in Hong Kong dollars and listed and dealt 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 results 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"	Renminbi, the lawful currency of the PRC
"Share(s)"	A Share(s) and/or H Share(s) (as the case may be)
"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 travellers
"TEU" or "container"	a box made of aluminium, steel or fiberglass and used to transport by ship, rail or barge. The standardized dimension (i.e. one TEU) is twenty 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 2018
"Throughput"	a measure of the volume of cargo handled by a port. Where cargoes are transhipped, 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 2019

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*