

# 2007 Corporate Credit Rating Report on Qinhuangdao Port Group Co., Ltd.

No. D 【2007】 077 Report (Issuer)

**Corporate Credit Rating: AA**

**Issuer:** Qinhuangdao Port Group Co., Ltd.  
**Rating outlook:** Stable

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Main financial data and indices  
(Unit: 100 million yuan)

Item	2006	2005	2004
Total assets	172.62	160.37	123.90
Owners' equity	93.00	86.62	79.20
Main business revenue	35.69	34.07	27.77
Total profits	5.62	7.07	4.15
Operating net cash flow	14.03	7.68	8.65
Debt to asset ratio (%)	45.99	45.82	35.88
Debt to capital ratio (%)	33.14	38.61	27.81
Main business gross margin (%)	47.22	48.33	54.31
Return on total assets	4.28	5.42	3.96
Return on net assets	4.54	5.34	6.54
EBITDA to interest coverage ratio (times)	9.34	12.07	20.10
Operating net cash flow to total liabilities (%)	17.68	10.45	19.47

## Rating Opinions

Qinhuangdao Port Group Co., Ltd. ("Port of Qinhuangdao" or "the company") is mainly engaged in port operation, storage and harbor management. The rating result reflects the favorable development opportunities the company faces, beneficial policy support the company enjoys, its rich source of goods supply, modernized coal handling port and advanced handling techniques. Meanwhile, the rating also considers increasingly fierce competition from the surrounding ports that grab some coal throughput from the company. In summary, the company has strong guarantee for debt repayment.

It is expected that the company's income and profit margin will keep stable growth in the next couple of years with expanding market share and increasing cargo throughput, therefore the rating outlook for the company is stable.

## Main advantages/opportunities

- The domestic port industry faces favorable development opportunities amid steady and sustainable development of the national economy and constantly rising port throughput;

- Continuously rising demand for coal and expanding coal transportation capacity of Daqin Railway Line serve as a guarantee for sufficient goods supply;
- The "National Plan for Coastal Port Layout" identifies Port of Qinghuangdao as a major coal handling port, providing the company with strong support for future development;
- The fifth project of Port of

Qinghuangdao was put into operation, which will play an important role in underpinning its position as a major coal handling port of China;

- Its modernized coal port, internationally advanced coal handling equipment and large-sized coal storage yard help boost its production efficiency and competitive edge.

### **Main risks/challenges**

- The company faces increasingly tough competition from the surrounding ports that grab some coal throughput from the company.

**Dagong Global Credit Rating Co., Ltd.**

**May 23<sup>rd</sup>, 2007**