The following discussion should be read in conjunction with our audited consolidated financial information, together with the accompanying notes, set forth in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS and audited by Ernst & Young, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Factors that could cause or contribute to such differences include those described in the section entitled "Risk Factors".

OVERVIEW

We are the world's largest independent port operator for major dry bulk cargo in terms of throughput in 2012, according to Drewry. We operate Qinhuangdao Port, the world's largest coal port by throughput in 2012, which accounted for approximately 31.9% of the total volume of seaborne coal loaded by coastal ports in China in the same year, according to Drewry. We are also one of the most important ore port operators in the Bohai Rim of China. We believe that we will grow into one of the leading integrated port operators in China in the next five years. Through increasing investment in port facilities and equipment to continually expand our throughput capacity, we are able to provide high-quality and highly efficient integrated port services, including stevedoring, stacking, warehousing, transportation and logistics, and handle various types of cargo including coal, metal ores, oil and liquefied chemicals, containers and general cargo.

We operate Qinhuangdao Port, terminals in Caofeidian Port through an associate company and terminals in Huanghua Port, all of which are located in the Bohai Rim. Qinhuangdao Port has over 100 years of operating history, while Caofeidian Port and Huanghua Port are undergoing significant development and experiencing rapid growth. Our operations in Caofeidian Port and Huanghua Port have expanded our hinterland coverage and are expected to become a main driver of our future growth. We and our associate company operate a total of 62 berths and achieved total throughput of 309.94 million tonnes, 349.56 million tonnes, 336.07 million tonnes and 182.56 million tonnes, respectively, for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013. Building upon our extensive experience in port operations and successful consolidation of port resources in the Bohai Rim, we believe we are well positioned to benefit from the strong growth of the Chinese economy and, in particular, the economy of the Bohai Rim.

We have achieved stable growth in the Track Record Period. For the years ended December 31, 2010, 2011 and 2012, our total revenue was RMB5.11 billion, RMB5.73 billion and RMB6.25 billion, respectively. Our net profit for the same periods was RMB1.10 billion, RMB1.06 billion and RMB1.40 billion, respectively. For the six months ended June 30, 2012 and 2013, our total revenue was RMB3.02 billion and RMB3.39 billion, respectively, and our net profit for the same periods was RMB0.73 billion and RMB1.20 billion, respectively.

BASIS OF PRESENTATION

Our consolidated financial statements and operating data, and the discussion and analysis thereof set out in this prospectus, have been prepared on a going concern basis.

Critical accounting policies adopted in preparation of the financial information presented in this prospectus have been applied consistently during the Track Record Period. The policies of preparation are in compliance with accounting policies and requirements under IFRS, promulgated by the International Accounting Standards Board, and present a true and complete view of our financial condition for the relevant time during the Track Record Period and our results of operations and cash flows during the relevant periods. A summary of our critical accounting policies is set out in Note 2.3 to Appendix I — Accountants' Report to this prospectus.

MAJOR FACTORS AFFECTING RESULTS OF OPERATIONS

Our results of operations, financial condition and future prospects have been, and will continue to be, affected by a number of factors, including the major ones set out below.

Our Throughput

Our throughput is dependent on customer demand for our port services, which in turn is affected by a number of factors including economic conditions in China, competition from imported coal and alternative sources of energy to which the demand for coal produced in north and west China is subject, as well as other factors such as competition with other port operators.

Qinhuangdao Port, Huanghua Port and Caofeidian Port, in which we and our associate company have operations, all play an important role in transporting critical energy sources and other cargo in China. Our throughput is therefore affected by China's macroeconomic conditions that affect the demand for coal, metal ores, oil and other types of cargo. In particular, the economic conditions of the hinterlands and service areas covered by our operations in the three ports, which include north, northeast, northwest and southeast China, could have a material effect on the throughput of the terminals we operate. In the event of a slowdown in China's economic growth, and in particular, the economic growth of the hinterlands and service areas where our ports are located, demand for coal, ores and the other goods that we handle may decline, which in turn may impact the demand by customers for the port services we offer and the throughput of the terminals we operate. See "Risk Factors — Adverse changes in China's economic conditions and, in particular, the economic conditions of our hinterland could have a material adverse impact on our results of operations and financial condition."

Moreover, coal produced and consumed domestically in China is the main type of cargo we handle. The throughput of coal handled by our Company and the consolidated subsidiaries of our Group, which does not include the coal throughput of Caofeidian Shiye Port Company, an associate company of our Group, accounted for 87.41%, 90.41%, 87.94%, 89.80% and 81.10% of the total throughput of our Group, during the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively. In particular, our business operations are closely tied to southeast China's demand of coal produced in west Inner Mongolia, Shanxi province and Shaanxi province, which in turn is affected by multiple factors. In addition to the economic conditions in southeast China that affect the domestic demand for coal as the major source of energy in China, such demand is also affected by competition from other sources of energy such as natural gas, nuclear power and hydropower, and competition from imported coal. See "Risk Factors — If PRC domestic coal users start to use a large amount of imported coal in substitution for domestic coal in the long term, our business and operations may be adversely affected" and "Risk Factors — Competition from alternative sources of energy may have an adverse impact on our business and operations."

Our throughput is also influenced by the general competitive landscape in the port industry, in particular, competition from nearby ports and other port operators, which may have an adverse impact on our business operations. See "Business — Competition." We intend to continue to consolidate our position as the largest independent dry bulk cargo port operator in the world in terms of throughput in 2012 by further strengthening Qinhuangdao Port's leading position in coal services, expanding our operations in Caofeidian Port and Huanghua Port and continuing to expand our hinterland. We also intend to become one of the leading integrated port operators in China in the next five years.

Our Prices

The fees that we charge for our port operations include lump sum fees for cargo handling, stacking and warehousing fees, harbor dues, port facilities security fees, tugging service fees, mooring and unmooring fees and berthing fees. The lump sum fees are the most important source of our revenue.

The rates for certain types of our port service fees, such as lump sum fees for non-containerized cargo in domestic trade and stacking and warehousing fees, are set by us. We set these fees and charges with reference to a matrix of factors including operational methods, cargo types, stacking period and industry benchmarks, among other things. We may raise our lump sum fees in response to cost increase or market conditions. During the Track Record Period, we raised our lump sum fees largely based on such reasons. For instance, we raised the lump sum fee for coal cargo in domestic trade by RMB3 per tonne and by RMB2 per tonne on October 1, 2011 and June 1, 2013, respectively. This fee increase was one of the main factors in our revenue and profit growth in 2011 and 2012 as compared to 2010 and the first six months of 2013 as compared to the first six months of 2012. Despite our strong pricing power, particularly with respect to coal handling services, our port fees and charges are also subject to market competition, and a small portion of our fees and charges are set or heavily regulated by the government. See "Risk Factors — Changes to port handling fees may have an adverse effect on our business and operations."

Cost of Sales

Employee benefits, depreciation and amortization and power and fuel costs constitute a significant portion of our cost of sales. Increases in cost of sales may impact our net profit.

Employee benefits

Employee benefits constitute a substantial portion of our cost of sales. In the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, employee benefits accounted for 33.26%, 35.70%, 37.67%, 37.53% and 36.68% of our total cost of sales, respectively. Employee benefits have risen steadily as a result of inflation and competition in the port industry to attract skilled labor.

Given the factors stated above and our plan to further expand our operations in Huanghua Port and Caofeidian Port, we expect that our employee benefits will continue to increase in the future.

Depreciation and Amortization

As a port operator, we own a large amount of fixed assets and heavy equipment in connection with our port business. We also develop or purchase fixed assets and equipment in the ordinary course of business and to replace retired or aging fixed assets or equipment. Depreciation of our property, plant and machinery is calculated using the straight-line method to write off their costs to residual values of our property, plant and machinery over their respective estimated useful lives and recorded as expenses in the same periods.

In connection with the significant amount of property, plant and machinery we possess, we recorded substantial depreciation and amortization cost, which accounted for a large portion of our cost of sales, during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, depreciation and amortization costs accounted for 25.26%, 23.98%, 22.81%, 23.83% and 24.61% of our cost of sales, respectively. We expect that our depreciation cost will further increase as the construction of the five coal berths in Caofeidian Port and the planned construction of the two ore berths in Huanghua Port are expected to be completed in 2014.

Power and Fuel Costs

Power and fuel costs are another key contributor to our cost of sales which tend to move in tandem with our throughput. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, power and fuel costs accounted for 10.38%, 10.94%, 10.38%, 11.32% and 10.47% of our cost of sales, respectively. We are therefore exposed to the market risk of fluctuations in power and fuel prices, which could result in fluctuations in our costs of sales and, consequently, our profitability.

Cost Control

To effectively control our costs, we have designed and implemented various policies and measures including tying employee compensation to performance targets and reducing headcount at supporting departments to control the employee cost. Our cost of sales and our operating results are also directly affected by the effectiveness and efficiency of such cost control measures.

Development Projects

We are currently constructing five coal berths in Caofeidian Port and plan to construct two ore berths in Huanghua Port, which are expected to be completed in 2014. We may construct additional berths and undertake other development projects in the future. The results of operations, cash flow, and net current asset or liability positions may be affected by a number of factors relating to new development projects, including the required capital expenditure and our ability to control construction costs, timing of completion and its effect on depreciation schedule and financing costs. Construction of new development projects requires intensive capital investments and may affect the amount of our short-term and long-term bank borrowings. In addition, our depreciation costs may rise when such projects are turned into fixed assets. As a result, such projects may affect our profitability during the construction phase and the initial period after the completion of construction, prior to recovering our investment and the project operating at full capacity. However, we expect such new development projects to increase our operational capacity and hence our revenue and profit in the long run, diversify our cargo mix and meet the increasing demand for our services. See also "Risk Factors — Our future development will require substantial investment in the construction of port infrastructure, which may adversely affect our profitability" and "—Current Assets/Liabilities and Working Capital."

Taxation

Our operating entities and subsidiaries in China are subject to PRC income tax, and our profitability and financial performance are affected by the PRC tax rates applicable to us. During the Track Record Period, the statutory enterprise income tax rate in China was 25% in accordance with the PRC Enterprise Income Tax Law that became effective in January 2008. Our effective income tax rate was 22.92%, 28.72%, 23.45%, 24.47% and 15.90% for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively. Except for the year ended December 31, 2011 and the six months ended June 30, 2013, our effective income tax rate remained fairly stable at slightly below 25% during the Track Record Period, which was mainly due to the fact that our share of profits from associate companies and joint ventures was not subject to the enterprise income tax, hence lowering our effective income tax rates to below 25% during the Track Record Period. The increase in our effective income tax rate in 2011 was mainly attributable to the fact that certain loss on disposal of property, plant and equipment was not deductible for tax purpose in 2011, which resulted in a lower profit before tax on a consolidated basis but not lower taxable profit and tax expenses. Therefore, our effective income tax rate in 2011 is higher than 25%. The effective income tax rate for the six months ended June 30, 2013 was significantly lower than 25% mainly due to the fact that certain loss on disposal of property, plant and equipment of prior fiscal years was confirmed to be deductible for tax purpose by the local tax authority in June 2013, thus reducing the tax expenses of our Group. Any increase in the enterprise income tax rate applicable to us and / or our subsidiaries, associate companies and joint ventures may adversely affect our business, financial condition and results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES AND JUDGMENTS

Our discussion and analysis of our results of operations and financial condition is based on our audited consolidated financial information prepared in accordance with IFRS. Our results of operations and financial condition are sensitive to the accounting policies, assumptions and estimates used in the preparation of our consolidated financial information. We continually evaluate these estimates and judgments based on historical experience and other factors, including expectations of future events, which we currently believe to be reasonable.

Our principal accounting policies are set out in Note 2.3 to Appendix I — Accountants' Report, and our critical accounting estimates and judgments are set out in Note 2.4 to Appendix I — Accountants' Report to this prospectus.

We make accounting estimates and judgments concerning the future. Actual results may differ from these estimates as facts, circumstances and conditions change, or as a result of different judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "contracts for services" below;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise depreciation and amortization, power and fuel costs, labor and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognized based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Estimated Category	Annual rates
Buildings	2.77% to 4.85%
Terminal facilities	3.23% to 4.85%
Plant and machinery	2.77% to 48.5%
Vessels and motor vehicles	9.7% to 48.5%
Furniture and fixtures	6.47% to 48.5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building, terminal facility, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence that we will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

With respect to assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Useful lives of property, plant and equipment

Our management determines the estimated useful lives and the related depreciation charge for our property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in future periods.

Impairment of receivables

Impairment of receivables is made based on assessment of their recoverability. The identification of impairment of receivables requires management's judgment and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and impairment loss / reversal of impairment of receivables in the period in which such an estimate has been changed.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of relevant periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 29 to Appendix I — Accountants' Report.

CONSOLIDATED RESULTS OF OPERATIONS

The following summary of our operating results is extracted from Appendix I — Accountants' Report as set out in this prospectus. Please read the following summary together with the Accountants' Report and the notes thereto.

The following table sets forth the consolidated statements of comprehensive income during the Track Record Period:

	Year Ended December 31,						Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000) *(unaudited)*	(%)	(RMB'000)	(%)
Revenue	5,109,548	100.00	5,734,310	100.00	6,250,162	100.00	3,020,374	100.00	3,386,526	100.00
Cost of sales	(3,158,540)	(61.82)	(3,254,410)	(56.75)	(3,536,081)	(56.58)	(1,623,184)	(53.74)	(1,860,196)	(54.93)
Gross profit	1,951,008	38.18	2,479,900	43.25	2,714,081	43.42	1,397,190	46.26	1,526,330	45.07
Other income and gains	19,344	0.38	56,354	0.98	125,416	2.01	120,001	3.97	369,477	10.91
Selling and distribution expenses	(896)	(0.02)	(1,941)	(0.03)	(496)	(0.01)	(24)	(0.00)	(15)	(0.00)
Administrative expenses	(543,843)	(10.64)	(605,462)	(10.56)	(741,148)	(11.86)	(336,201)	(11.13)	(359,700)	(10.62)
Other expenses	(18,062)	(0.35)	(400,416)	(6.98)	(168,466)	(2.70)	(154,277)	(5.11)	(25,432)	(0.75)
Finance costs	(156,459)	(3.06)	(208,906)	(3.64)	(259,209)	(4.15)	(117,974)	(3.91)	(144,514)	(4.27)
Share of profits and losses of:										
Associate companies	171,102	3.35	168,139	2.93	154,622	2.47	56,744	1.88	63,385	1.87
Joint ventures	494	0.01	313	0.01	565	0.01	320	0.01	(46)	0.00
Profit before tax	1,422,688	27.84	1,487,981	25.95	1,825,365	29.21	965,779	31.98	1,429,485	42.21
Income tax expense	(326,088)	(6.38)	(427,332)	(7.45)	(428,069)	(6.85)	(236,310)	(7.82)	(227,273)	(6.71)
Profit for the year/period	1,096,600	21.46	1,060,649	18.50	1,397,296	22.36	729,469	24.15	1,202,212	35.50
Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year/period	1,096,600	21.46	1,060,649	18.50	1,397,296	22.36	729,469	24.15	1,202,212	35.50
Attributable to:										
Owners of the Company	1,114,991	21.82	1,083,914	18.90	1,405,958	22.49	735,194	24.34	1,188,646	35.10
Non-controlling interests	(18,391)	(0.36)	(23,265)	(0.40)	(8,662)	(0.13)	(5,725)	(0.19)	13,566	0.40
	1,096,600	21.46	1,060,649	18.50	1,397,296	22.36	729,469	24.15	1,202,212	35.50

Description of Selected Items of Results of Operations

Revenue

Our revenue was mainly derived from providing cargo handling and other related port services in Qinhuangdao Port and Huanghua Port. The following table sets forth the revenue generated from each type of cargo we serviced during the Track Record Period:

	Year Ended December 31,						Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000) *(unaudited)*	(%)	(RMB'000)	(%)
Dry bulk[1]	4,485,781	87.79	5,111,270	89.13	5,580,911	89.29	2,701,139	89.43	3,067,769	90.59
Coal	4,278,900	83.74	5,003,611	87.25	5,310,414	84.96	2,626,733	86.97	2,669,601	78.83
Metal Ore	206,881	4.05	107,659	1.88	270,497	4.33	74,406	2.46	398,168	11.76
Oil and liquefied chemicals	119,065	2.33	143,097	2.50	142,822	2.29	71,392	2.36	59,551	1.76
Container	61,546	1.20	85,720	1.49	77,429	1.24	37,211	1.23	41,743	1.23
General and other cargo[2]	165,384	3.24	146,786	2.56	183,080	2.93	75,143	2.49	91,074	2.69
Others	277,772	5.44	247,437	4.32	265,920	4.25	135,489	4.49	126,389	3.73
Total	5,109,548	100.00	5,734,310	100.00	6,250,162	100.00	3,020,374	100.00	3,386,526	100.00

Note: 1. The dry bulk cargoes we handle mainly consist of coal and metal ores.

2. Other cargoes include grain, fertilizer and other general cargoes.

We derive our revenue mainly from coal handling services. Coal handling service revenue grew steadily from 2010 to 2012 largely due to the raised lump sum fee for coal cargo for domestic trade by RMB3 per tonne on October 1, 2011. Our metal ore service revenue decreased in 2011 as a result of the decline in metal ore cargo volume due to certain local regulations concerning transportation of metal ores in 2011 that had negatively impacted the land transportation of metal ore in that year. Our revenue derived from metal ore increased in 2012 primarily because we raised the lump sum fee for offloading metal ore cargo for international trade by RMB4.2 per tonne in October 2011. Our revenue derived from oil and liquefied chemicals increased in 2011 primarily as a result of the increase in lump sum fee for oil and liquefied chemicals for domestic trade by RMB1 per tonne and the increase in lump sum fee for oil and liquefied chemicals for international trade by RMB1.4 per tonne in October 2011. The throughput of oil and liquefied chemicals also increased in 2011. Our revenue derived from coal handling services increased slightly in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 mainly due to the increase in the lump sum fee for coal cargo for domestic trade by RMB2 per tonne on June 1, 2013. This was partially offset by the decrease in throughput. Our revenue derived from metal ore handling services increased significantly in the six months ended June 30, 2013 after Cangzhou Bohai began to generate revenues in October 2012 and contributed to the revenue growth in the first half of 2013. Our revenue derived from oil and liquefied chemicals decreased in the six months ended June 30, 2013 as compared to the same period of 2012 primarily as a result of the decline in throughput. During the Track Record Period, other revenues were mainly generated from our non-port operations, such as machinery sales revenue from Ruigang Tech, revenue from Qinhuangdao Coal Market and the berthing fees that we collected in port operations.

We conduct our businesses in Qinhuangdao Port and Huanghua Port. During the Track Record Period, most of our revenues were generated from Qinhuangdao Port. For the years ended December 31, 2010, 2011 and 2012, our revenue from Qinhuangdao Port amounted to RMB5,109.55

million, RMB5,731.17 million and RMB6,059.16 million, and accounted for 100.00%, 99.95% and 96.94% of our total revenue, respectively. For the six months ended June 30, 2012 and 2013, our revenue from Qinhuangdao Port was RMB2,964.57 million and RMB2,980.68 million, and accounted for 98.15% and 88.02% of our total revenue, respectively. We began to generate revenue from Huanghua Port through Cangzhou Bohai from October 2012. Before October 2012, our revenue from Huanghua Port was mainly derived from cargo tally business operated by Cangzhou OSTC. For the years ended December 31, 2010, 2011 and 2012, our revenue from Huanghua Port amounted to nil, RMB3.14 million and RMB191.01 million, and accounted for nil, 0.05% and 3.06% of our total revenue, respectively. For the six months ended June 30, 2012 and 2013, our revenue from Huanghua Port amounted to RMB55.81 million and RMB405.85 million, and accounted for 1.85% and 11.98% of our total revenue, respectively.

Cost of Sales

Our cost of sales primarily includes employee benefits, depreciation and amortization, power and fuel costs, repair and maintenance expenses, environmental protection and sewage charges and leasing expenses.

The following table presents a breakdown of our cost of sales during the Track Record Period.

	Year Ended December 31,						Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000) *(unaudited)*	(%)	(RMB'000)	(%)
Employee benefits	1,050,577	33.26	1,161,972	35.70	1,331,891	37.67	609,127	37.53	682,276	36.68
Depreciation and amortization	797,939	25.26	780,356	23.98	806,703	22.81	386,863	23.83	457,731	24.61
Power and fuel costs	327,957	10.38	356,178	10.94	366,910	10.38	183,725	11.32	194,777	10.47
Repair and maintenance expenses	268,672	8.51	297,972	9.16	263,928	7.46	113,210	6.97	122,578	6.59
Environmental protection and sewage charges	179,794	5.69	202,979	6.24	197,740	5.59	95,528	5.89	95,190	5.12
Leasing expenses	205,794	6.52	166,258	5.11	182,407	5.15	82,034	5.05	136,658	7.35
Other costs	327,807	10.38	288,695	8.87	386,502	10.94	152,697	9.41	170,986	9.18
Total	3,158,540	100.00	3,254,410	100.00	3,536,081	100.00	1,623,184	100.00	1,860,196	100.00

Employee benefits mainly consist of the wages and benefits paid to the employees working on the port terminals and relevant facilities we operate. Employee benefits constitute a relatively large portion of our cost of sales. In the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, employee benefits accounted for 33.26%, 35.70%, 37.67%, 37.53% and 36.68% of our total cost of sales, respectively. Employee benefits as a percentage of our cost of sales increased steadily during the Track Record Period as a result of inflation and the competition in the port industry to attract skilled labor.

Depreciation and amortization costs mainly consist of the depreciation of our property, plant and equipment calculated using the straight-line method to write off the costs of their residual values over their estimated useful lives and recorded as expenses in the same periods. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, depreciation and amortization costs accounted for 25.26%, 23.98%, 22.81%, 23.83% and 24.61% of our cost of sales, respectively. We recorded substantial depreciation costs during the Track Record Period due to the large amount of fixed assets and heavy equipment we own in connection with our port operations.

Power and fuel costs are mainly related to the utility and fuel consumed in the ordinary course of business. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, power and fuel costs accounted for 10.38%, 10.94%, 10.38%, 11.32% and 10.47% of our cost of sales, respectively.

Repair and maintenance costs are mainly costs for repairing equipment and infrastructure and other fixed assets maintenance. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, repair and maintenance costs accounted for 8.51%, 9.16%, 7.46%, 6.97% and 6.59% of our cost of sales, respectively.

Environmental protection and sewage charges mainly relate to the coal we handle. Pursuant to the Notice Regarding Imposing Sewage Charges on Coal Dust promulgated by Qinhuangdao government, we are required to pay RMB0.80 per tonne of environmental protection and sewage charges for the coal we stevedored. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, environmental protection and sewage charges accounted for 5.69%, 6.24%, 5.59%, 5.89% and 5.12% of our cost of sales, respectively.

Leasing expenses mainly arise from the rental paid for the buildings, equipment and vehicles from our Controlling Shareholder and third parties. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, leasing expenses accounted for 6.52%, 5.11%, 5.15%, 5.05% and 7.35% of our cost of sales, respectively. Our leasing expenses decreased during the period from 2010 to 2012 primarily due to the decreased throughput of general cargoes which reduced the leasing fees for the vehicle and equipment for loading and unloading general cargoes. Our leasing expenses increased in the first half of 2013 mainly due to the leasing expenses incurred by Cangzhou Bohai.

Our other costs of sales primarily consist of labor outsourcing costs and low-value consumables. For further details of our cost of sales, please refer to sections headed "— Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012 — Cost of Sales", "— Year Ended December 31, 2012 Compared to Year Ended December 31, 2011 — Cost of Sales" and "— Year Ended December 31, 2011 Compared to Year Ended December 31, 2010 — Cost of Sales."

Gross Profit and Gross Profit Margin

Our gross profit is calculated on the total revenue less total cost of sales. Our gross margin increased from 38.18% in 2010 to 43.25% in 2011, and further increased to 43.42% in 2012. Our gross margin was 46.26% and 45.07% for the six months ended June 30, 2012 and 2013, respectively.

During the Track Record Period, our gross profit margin generally remained at a high level. The gross profit margin was higher in 2011, 2012 and the six months ended June 30, 2013 than that of 2010 mainly because (i) we raised the lump sum fee for coal, metal ore and other cargoes in October 2011, and (ii) a significant portion of our cost of sales, mainly consisting of employee benefits and depreciation and amortization costs, are relatively stable and only subject to limited impact by the volume of our throughput. Therefore, the growth of our revenue generated from port operations, which usually directly ties to throughput, generally outpaced the increase of cost of sales.

Other Income and Gains

The following table sets forth our other income and gains during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)	*(unaudited)*	
Other income					
Bank interest income	10,035	16,344	19,186	6,857	10,112
Dividend income from available-for-sale investments	—	30,000	47,631	47,631	45,000
Government grants	3,058	7,923	7,942	3,226	298,424
Foreign exchange differences, net	—	174	—	—	—
	13,093	54,441	74,759	57,714	353,536
Gains					
Gain on disposal of a subsidiary	5,371	—	—	—	—
Reversal of impairment of trade and other receivables, net	—	—	49,995	61,374	13,701
Others	880	1,913	662	913	2,240
	6,251	1,913	50,657	62,287	15,941
Total	19,344	56,354	125,416	120,001	369,477

For the years ended December 31, 2010, 2011 and 2012, our other income and gains were RMB19.34 million, RMB56.35 million and RMB125.42 million, respectively. Our other income and gains increased during the period from 2010 to 2012 primarily due to the increase in dividend income from SDIC Caofeidian Port Company and the increase in our bank interest income due to the increased bank deposits. The increase of other income and gains in 2012 was also attributable to the reversal of the provision for the impairment of receivables due from Cangzhou Port Group Ltd., a company affiliated with Cangzhou government, in connection with the transfer of the Huanghua Port public infrastructure in the amount of RMB58.40 million. The partial reversal in the amount of RMB58.40 million of the provision for impairment of receivables of RMB80.26 million previously recorded in 2011 was because we collected RMB1,368.45 million from Cangzhou Port Group Ltd. in 2012. See "— Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure. Government grants of environmental protection funds in 2010, 2011 and 2012 were granted to subsidize our construction of environmental protection related fixed assets.

For the six months ended June 30, 2012 and 2013, our other income and gains were RMB120.00 million and RMB369.48 million, respectively. The increase of our other income and gains in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 was primarily due to the government subsidy of RMB294.84 million for the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai. We received the RMB294.84 million government grant from Cangzhou government as its compensation to us for the business tax and surcharges of RMB292.23 million and the stamp duty of RMB2.61 million paid by us in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with Cangzhou government, which tax and stamp duty were not covered in the transfer proceeds payable by Cangzhou Port Group Ltd. The grant of such subsidy is unconditional and we are not aware of any events or conditions that may cause us to return such grants. We deem such government grant as one-off income and do not expect to receive government grants in the same or similar nature in future.

Selling and Distribution Expenses

Our selling and distribution expenses were mainly incurred by Ruigang Tech, our subsidiary engaging in the sales of shipping vessel equipment, vessel parts, electronic equipment and devices and communications equipment. In the port industry, selling and distribution expenses tend to be small relative to the revenue. Our selling and distribution expenses were RMB0.90 million, RMB1.94 million and RMB0.50 million for the years ended December 31, 2010, 2011 and 2012, respectively. Our selling and distribution expenses were RMB24,000 and RMB15,000 for the six months ended June 30, 2012 and 2013, respectively. During the Track Record Period, selling and distribution expenses accounted for less than 0.04% of our total revenue. Selling and distribution expenses in 2011 were higher than that of other periods primarily due to the increase of selling and distribution expenses of Ruigang Tech.

Administrative Expenses

Administrative expenses mainly comprise employee benefits, depreciation and amortization expenses, tax expenses, repair and maintenance expenses, leasing expenses and other expenses. The following table sets forth our administrative expenses during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)		
				(unaudited)	
Employee benefits	329,665	378,249	469,297	201,576	237,482
Depreciation and amortization	56,692	57,390	62,305	29,015	34,362
Tax expenses	28,837	28,582	64,370	53,758	18,505
Repair and maintenance expenses	17,326	20,006	20,521	5,556	5,357
Leasing expenses	7,761	7,932	8,590	3,541	17,072
Others	103,562	113,303	116,065	42,755	46,922
Total	543,843	605,462	741,148	336,201	359,700

For the years ended December 31, 2010, 2011 and 2012, our administrative expenses were RMB543.84 million, RMB605.46 million and RMB741.15 million, respectively, accounting for 10.64%, 10.56% and 11.86%, respectively, of our total revenue. For the six months ended June 30, 2012 and 2013, our administrative expenses were RMB336.20 million and RMB359.70 million, respectively, accounting for 11.13% and 10.62% of our total revenue, respectively. Employee benefits, which accounted for the largest portion of our administrative expenses, accounted for 60.62%, 62.47%, 63.32%, 59.96% and 66.02%, respectively, of our administrative expenses.

Other Expenses

Other expenses mainly consist of loss on disposal of items of property, plant and equipment, loss on disposal of subsidiaries, provision for impairment of trade and other receivables, provision for impairment of items of property, plant and equipment, donation, and loss on remeasurement of previously held equity interest in a business combination achieved in stages. For the years ended December 31, 2010, 2011 and 2012, our other expenses were RMB18.06 million, RMB400.42 million and RMB168.47 million, respectively. For the six months ended June 30, 2012 and 2013, our other expenses were RMB154.28 million and RMB25.43 million, respectively. The following table sets forth our other expenses during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)	*(unaudited)*	
Loss on disposal of items of property, plant and equipment	4,041	299,017	164,951	153,305	13,325
Loss on disposal of subsidiaries	—	—	2,426	—	—
Provision for impairment of trade and other receivables	6,148	85,618	—	—	—
Provision for impairment of items of property, plant and equipment	7,840	—	—	—	11,577
Donation	—	15,200	700	700	130
Loss on remeasurement of previously held equity interest in a business combination achieved in stages	—	59	—	—	—
Others	33	522	389	272	400
Total	18,062	400,416	168,466	154,277	25,432

The increase in other expenses in 2011 was mainly attributable to (i) the provision for business tax and surcharges of RMB292.23 million according to the applicable tax laws and regulations in the PRC for the proceeds under the transfer of the Huanghua Port public infrastructure in 2011, which provision was included in the losses on disposal of items of property, plant and equipment in 2011, and such business tax and surcharges were paid in 2012, (ii) the provision for impairment of RMB80.26 million for the RMB1,605.12 million overdue receivables consisting of the RMB1,368.45 million remaining balance of the transfer proceeds owed by Cangzhou Port Group Company Ltd. for Huanghua Port public infrastructure and the RMB236.66 million payment owed by Cangzhou Port Group Company Ltd. as compensation for the interest expenses incurred by us in connection with this project, which provision was made according to the Group's provision policy after fully considering the nature and age of such overdue receivables and the uncertainty of the collectability, and (iii) the one-off donation of RMB15.20 million to support the construction of public facilities. In 2012, other expenses were resulted from the dredging costs and stamp duty of RMB152.61 million paid by Cangzhou Bohai in the first half of 2012 in connection with the transfer of the Huanghua Port public infrastructures. Other expenses for the six months ended June 30, 2013 consisted of a loss on disposal of certain property, plant and equipment, and provision for the impairment of property, plant and equipment in connection with the relocation of our operations in the western zone of Qinhuangdao Port which resulted in the cessation of three of our coal berths during the first half of 2013. See "— Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure.

Finance Costs

The following table sets out our finance costs during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
	(RMB'000)				
				(unaudited)	
Interests on bank borrowings	354,653	442,131	683,419	358,933	297,936
Less: Interest capitalized	(198,194)	(233,225)	(424,210)	(240,959)	(153,422)
Total	156,459	208,906	259,209	117,974	144,514

For the years ended December 31, 2010, 2011 and 2012, our finance costs were RMB156.46 million, RMB208.91 million and RMB259.21 million, respectively, accounting for 3.06%, 3.64% and 4.15%, respectively, of our total revenue. For the six months ended June 30, 2012 and 2013, our finance costs were RMB117.97 million and RMB144.51 million, respectively, accounting for 3.91% and 4.27%, respectively, of our total revenue.

During the Track Record Period, our finance costs increased primarily due to the increase of interest rates as a result of an increase in the applicable benchmark lending rates set by the PBOC, while the total outstanding amount of our bank borrowings remained relatively stable. During the Track Record Period, the interest expenses associated with certain loans for the development projects in Huanghua Port and Caofeidian Port increased and have been capitalized and were not recorded as finance costs until the construction of the relevant assets was basically completed, and the assets had become substantially ready for their intended use or sale. From the fourth quarter of 2012, in connection with the partial completion of the construction projects in Huanghua Port, the interest expenses relating to such construction projects have been recorded as finance costs.

Share of Profits and Losses of Associate Companies

During the Track Record Period, our share of results of associate companies was recognized with respect to (i) Caofeidian Shiye Port Company, (ii) Huazheng Inspection, (iii) Xing'ao Qin'gang, (iv) Cangzhou Steel Logistics, (v) Handan International Land Port Co., Ltd., an associate company held by our subsidiary Cangzhou Bohai, and (vi) Tangshan Jingtang Railway. For the years ended December 31, 2010, 2011 and 2012, our share of profits of associate companies was RMB171.10 million, RMB168.14 million and RMB154.62 million, respectively. For the six months ended June 30, 2012 and 2013, our share of profits of associate companies was RMB56.74 million and RMB63.39 million, respectively.

Our Company holds 35% equity interest in Caofeidian Shiye Port Company and is its largest shareholder. Our share of profits from Caofeidian Shiye Port Company was RMB170.12 million, RMB166.47 million, RMB154.27 million, RMB56.32 million and RMB63.31 million, respectively, for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013.

Share of Profits and Losses of Joint Ventures

Share of results of our joint ventures was recognized with respect to (i) Honggang Services and (ii) Qinhuangdao Wanhui Logistics Co., Ltd., a joint venture held by our subsidiary Xin'gangwan Container Company. For the years ended December 31, 2010, 2011 and 2012, our share of profits of joint ventures amounted to RMB0.49 million, RMB0.31 million and RMB0.57 million, respectively. For the six months ended June 30, 2012, our share of profits of joint ventures was RMB0.32 million. For the six months ended June 30, 2013, our share of loss of joint ventures was RMB0.05 million.

Income Tax Expenses

Under the PRC enterprise income tax law, the applicable corporate income tax rate was 25% during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012, our income tax expenses were RMB326.09 million, RMB427.33 million and RMB428.07 million, respectively, and our effective income tax rate was 22.92%, 28.72% and 23.45%, respectively. For the six months ended June 30, 2012 and 2013, our income tax expenses were RMB236.31 million and RMB227.27 million, respectively, and our effective income tax rate was 24.47% and 15.90%, respectively. Except for the year ended December 31, 2011 and the six months ended June 30, 2013, our effective income tax rate remained fairly stable at slightly below 25% during the Track Record Period. This is due to the fact that our investment profits from associate companies and joint ventures were not subject to the enterprise income tax, hence lowering our effective income tax rates to below 25% during the Track Record Period. The increase in our effective income tax rate in 2011 was mainly due to the fact that certain loss on disposal of property, plant and equipment was not deductible for tax purpose in 2011, which resulted in a lower profit before tax on a consolidated basis but not a lower taxable profit and tax expenses. Therefore, our effective income tax rate in 2011 was higher than 25%. The effective income tax rate for the six months ended June 30, 2013 was significantly lower than 25% mainly due to the fact that certain loss on disposal of property, plant and equipment of prior fiscal years was confirmed to be deductible for tax purpose by the local tax authority in June 2013, thus reducing the tax expenses of our Group.

The following table sets out our income tax expenses during the Track Record Period.

	Year Ended December 31,			**Six Months Ended June 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
			(RMB'000)		
				(unaudited)	
Current tax	326,908	473,175	434,090	241,134	275,219
Deferred tax	(820)	(45,843)	(6,021)	(4,824)	(47,946)
Total	326,088	427,332	428,069	236,310	227,273
Effective income tax rate	22.92%	28.72%	23.45%	24.47%	15.90%

Six Months Ended June 30, 2013 Compared with Six Months Ended June 30, 2012

Highlights of Operating Results

The following financial information is extracted from our consolidated statements of comprehensive income for the six months ended June 30, 2013 and 2012.

	Six Months Ended June 30,		
	2012	2013	Changes
	(RMB'000) *(unaudited)*	(RMB'000)	(%)
Revenue	3,020,374	3,386,526	12.12
Cost of sales	(1,623,184)	(1,860,196)	14.60
Gross profit	1,397,190	1,526,330	9.24
Other income and gains	120,001	369,477	207.89
Selling and distribution expenses	(24)	(15)	(37.50)
Administrative expenses	(336,201)	(359,700)	6.99
Other expenses	(154,277)	(25,432)	(83.52)
Finance costs	(117,974)	(144,514)	22.50
Share of profits and losses of:			
Associate companies	56,744	63,385	11.70
Joint ventures	320	(46)	(114.38)
Profit before tax	965,779	1,429,485	48.01
Income tax expense	(236,310)	(227,273)	(3.82)
Profit for the period	729,469	1,202,212	64.81

Revenue. Our total revenue increased by 12.12% to RMB3,386.53 million for the six months ended June 30, 2013 from RMB3,020.37 million for the same period of 2012. This increase was mainly due to the increase in revenue from our metal ore services by 435.13% from RMB74.41 million to RMB398.17 million, which was mainly attributable to the metal ore revenue from Cangzhou Bohai as it began to generate revenue from October 2012. In addition, revenue generated from our coal services increased slightly in the first half of 2013 as compared to the same period of 2012 mainly due to the increase in our lump sum coal handling fees for domestic trade effective from June 1, 2013.

Cost of Sales. Our cost of sales increased by 14.60% to RMB1,860.20 million for the six months ended June 30, 2013 from RMB1,623.18 million for the same period of 2012. This increase was mainly due to (i) the increase in our employee benefits as a result of inflation and competition in the port industry to attract skilled labor, and (ii) the employee benefit costs, depreciation and amortization costs and port machinery leasing fees incurred by Cangzhou Bohai as it began to incur costs from October 2012.

Gross Profit. Our gross profit increased by 9.24% to RMB1,526.33 million for the six months ended June 30, 2013 from RMB1,397.19 million for the same period of 2012. Our gross profit decreased slightly from 46.26% for the six months ended June 30, 2012 to 45.07% for the six months ended June 30, 2013 primarily because the growth of our cost of sales, mainly employee benefits, outpaced that of our revenue.

Other Income and Gains. Our other income and gains increased by 207.89% to RMB369.48 million for the six months ended June 30, 2013 from RMB120.00 million for the same period of 2012 mainly due to the increase in government grants. This was partially offset by the decrease in reversal of the provision for the impairment of trade and other receivables. Our government grants for the first half of 2013 mainly consisted of the government subsidy of RMB294.84 million as compensation by the Cangzhou government to us for the business tax and surcharges of RMB292.23 million and the stamp duty of RMB2.61 million incurred and recognized in November 2011 and February 2012, respectively, in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with the Cangzhou government, which tax, surcharges and stamp duty were not covered in the transfer proceeds payable by Cangzhou Port Group Ltd. See "—Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure.

Selling and Distribution Expenses. Our selling and distribution expenses decreased by 37.50% to RMB15,000 for the six months ended June 30, 2013 from RMB24,000 for the same period of 2012 mainly due to the decrease of selling and distribution expenses of Ruigang Tech.

Administrative Expenses. Our administrative expenses increased by 6.99% to RMB359.70 million for the six months ended June 30, 2013 from RMB336.20 million for the same period of 2012 mainly because Cangzhou Bohai began to incur costs since October 2012, which led to greater employee benefit expenses in the first half of 2013. This was partially offset by a decrease in land use tax expenses. The tax expenses were higher in the first half of 2012 as compared to the same period of 2013 mainly due to the land use taxes of RMB35.15 million for the occupation of certain lands by our railway facilities.

Other Expenses. Our other expenses decreased by 83.52% from RMB154.28 million for the six months ended June 30, 2012 to RMB25.43 million for the six months ended June 30, 2013 as Cangzhou Bohai paid dredging costs of RMB150.00 million in the first half of 2012 in connection with the transfer of the Huanghua Port public infrastructures, which cost was not offset by the grant from the Cangzhou government, as the grant was paid as compensation by the Cangzhou government to us for the business tax and surcharges and stamp duty paid by us in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with the Cangzhou government, and the dredging cost was neither paid to the Cangzhou government (but to Cangzhou Port Group Company Ltd.) nor deemed part of the acquisition cost of such infrastructure. See also "—Prepayments, Deposits, and Other Receivables" for more details.

Finance Costs. Our finance costs increased by 22.50% to RMB144.51 million for the six months ended June 30, 2013 from RMB117.97 million for the same period of 2012. This increase was mainly due to the recognition of our finance costs for the development projects in Huanghua Port in connection with the partial completion of the construction of such projects.

Share of Profits of Associate Companies. Our share of profits of associate companies increased by 11.70% to RMB63.39 million for the six months ended June 30, 2013 from RMB56.74 million for the same period of 2012 due to the increased profits of Caofeidian Shiye Port Company as a result of an increase in its metal ore throughput.

Share of Profits/Losses of Joint Ventures. Our share of profits of joint ventures for the six months ended June 30, 2012 was RMB0.32 million. Our share of losses of joint ventures for the six months ended June 30, 2013 was RMB0.05 million.

Income Tax Expenses. Our income tax expense decreased from RMB236.31 million for the six months ended June 30, 2012 to RMB227.27 million for the same period of 2013. Our effective income tax rate was 24.47% for the six months ended June 30, 2012 and 15.90% for the six months ended June 30, 2013. Our income tax expenses and effective income tax rate for the first half of 2013 were lower than that of the same period of 2012 mainly because certain loss on disposal of property, plant and equipment of prior fiscal years was confirmed to be deductible for tax purpose by the local tax authority in June 2013, thus reducing the tax expenses of our Group. See "—Consolidated Results of Operations — Description of Selected Items of Results of Operations —Income Tax Expenses."

Profit for the Period. As a result of the foregoing, our profit increased by 64.81% to RMB1,202.21 million for the six months ended June 30, 2013 from RMB729.47 million for the same period of 2012. Our profit margin increased from 24.15% for the six months ended June 30, 2012 to 35.50% for the same period of 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Highlights of Operating Results

The following financial information is extracted from our consolidated statements of comprehensive income for 2012 and 2011.

	Year Ended December 31,		
	2011	2012	Changes
	(RMB'000)	(RMB'000)	(%)
Revenue	5,734,310	6,250,162	9.00
Cost of sales	(3,254,410)	(3,536,081)	8.66
Gross profit	2,479,900	2,714,081	9.44
Other income and gains	56,354	125,416	122.55
Selling and distribution expenses	(1,941)	(496)	(74.45)
Administrative expenses	(605,462)	(741,148)	22.41
Other expenses	(400,416)	(168,466)	(57.93)
Finance costs	(208,906)	(259,209)	24.08
Share of profits and losses of:			
Associate companies	168,139	154,622	(8.04)
Joint ventures	313	565	80.51
Profit before tax	1,487,981	1,825,365	22.67
Income tax expense	(427,332)	(428,069)	0.17
Profit for the year	1,060,649	1,397,296	31.74

Revenue. Our total revenue increased by 9.00% from RMB5,734.31 million in 2011 to RMB6,250.16 million in 2012. Revenue generated from our coal service increased by 6.13% from RMB5,003.61 million in 2011 to RMB5,310.41 million in 2012 mainly due to the increase in our lump sum coal handling fees for both domestic and international trade effective from October 2011, partially offset by the decrease in coal throughput in 2012 as compared to 2011 due to a slow-down in the growth of the Chinese economy and subsequent general decrease in the domestic demand for coal as a primary source of power and for other industrial uses. Revenue generated from our metal ore handling services increased by 151.25% from RMB107.66 million in 2011 to RMB270.50 million in 2012, mainly as a result of (i) our raise of the lump sum fee for metal ore handling in October 2011, and (ii) the recovery of the throughput of metal ore in 2012 from the low level in 2011 which was a result of the stricter enforcement of certain local regulations concerning transportation of metal ores in 2011 that had negatively impacted the land transportation of metal ore in that year. In addition, Cangzhou Bohai began to generate revenue from October 2012, which also contributed to the growth of the metal ore throughput and revenue in 2012.

Cost of Sales. Our cost of sales increased by 8.66% to RMB3,536.08 million in 2012 from RMB3,254.41 million in 2011. This increase was mainly due to (i) the increase in our employee benefits as a result of inflation and the competition in the port industry to attract skilled labor, and (ii) the employee benefit costs, depreciation and amortization costs, and port machinery leasing fee incurred by Cangzhou Bohai as it began to incur costs from October 2012. The increase was partially offset by a decrease in repair and maintenance expenses due to a slight fluctuation of the equipment repair and maintenance costs.

Gross Profit. Our gross profit increased by 9.44% to RMB2,714.08 million in 2012 from RMB2,479.90 million in 2011. Our gross profit margin remained stable and was 43.25% in 2011 and 43.42% in 2012.

Other Income and Gains. Our other income increased by 122.55% to RMB125.42 million in 2012 from RMB56.35 million in 2011 mainly due to (i) the increase in dividend income from SDIC Caofeidian Port Company from RMB30.00 million in 2011 to RMB45.00 million in 2012, (ii) the increase in our income from bank deposits from RMB16.34 million in 2011 to RMB19.19 million in 2012, and (iii) the reversal in 2012 of the provision for the impairment of receivables due from Cangzhou Port Group Ltd. in connection with the transfer of the Huanghua Port public infrastructure in the amount of RMB58.40 million which was originally recorded in 2011. Such increase was partially offset by certain other provisions for the impairment of receivables in the amount of RMB8.37 million made in 2012.

Selling and Distribution Expenses. Our selling and distribution expenses decreased by 74.45% to RMB0.50 million in 2012 from RMB1.94 million in 2011 as the selling and distribution expenses of our subsidiary Ruigang Tech decreased primarily due to its higher expenses in 2011 in connection with its procurement of services of third party technical experts for the education of its customers with respect to the technologies of its equipment.

Administrative Expenses. Our administrative expenses increased by 22.41% to RMB741.15 million in 2012 from RMB605.46 million in 2011 mainly due to (i) increases in employee benefits as a result of inflation and competition in the port industry to attract skilled labor, and (ii) the land use taxes of RMB35.15 million we paid in the first half of 2012 for the occupation of certain lands by our railway facilities.

Other Expenses. Our other expenses decreased by 57.93% to RMB168.47 million in 2012 from RMB400.42 million in 2011. Such decrease was mainly attributable to (i) the provision of RMB292.23 million made in 2011 in connection with the transfer of the public infrastructures constructed by Cangzhou Bohai in Huanghua Port to Cangzhou Port Group Company Ltd., (ii) the provision of RMB80.26 million made in 2011 for the remaining balance of the RMB1.605 billion transfer funds receivable for the transfer of the public infrastructures in Huanghua Port, and (iii) the one-off donation of RMB15.20 million to support the construction of public facilities that was also made in 2011. In 2012, our other expenses were mainly related to the dredging costs of RMB150.00 million paid by Cangzhou Bohai in connection with the transfer of the Huanghua Port public infrastructures in the first half of 2012.

Finance Costs. Our finance costs increased by 24.08% to RMB259.21 million in 2012 from RMB208.91 million in 2011. This increase was mainly due to (i) an increase in the interest expense resulting from increased interest rates on our bank borrowings as a result of an increase in the applicable benchmark lending rates set by the PBOC and (ii) the recognition of our financing cost in the development projects in Huanghua Port in connection with the partial completion of the construction of such projects.

Share of Profits of Associate Companies. Our share of profits of associate companies decreased to RMB154.62 million in 2012 from RMB168.14 million in 2011 primarily due to the decrease in the profits of Caofeidian Shiye Port Company as its metal ore throughput decreased due to a slow-down in the growth of the Chinese economy.

Share of Profits of Joint Ventures. Our share of profits of our joint ventures increased to RMB0.57 million in 2012 from RMB0.31 million in 2011.

*Income Tax Expense*s. Our income tax expenses increased by 0.17% to RMB428.07 million in 2012 from RMB427.33 million in 2011, mainly due to an increase in profit before tax to RMB1,825.37 million in 2012 from RMB1,487.98 million in 2011. Our effective income tax rate was 28.72% in 2011 and 23.45% in 2012.

Profit for the Year. As a result of the foregoing, our profit increased by 31.74% to RMB1,397.30 million in 2012 from RMB1,060.65 million in 2011, and our profit margin increased from 18.50% in 2011 to 22.36% in 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Highlights of Operating Results

The following financial information is extracted from our consolidated statements of comprehensive income for 2011 and 2010.

	Year Ended December 31,		
	2010	2011	Changes
	(RMB'000)	(RMB'000)	(%)
Revenue	5,109,548	5,734,310	12.23
Cost of sales	(3,158,540)	(3,254,410)	3.04
Gross profit	1,951,008	2,479,900	27.11
Other income and gains	19,344	56,354	191.33
Selling and distribution expenses	(896)	(1,941)	116.63
Administrative expenses	(543,843)	(605,462)	11.33
Other expenses	(18,062)	(400,416)	2,116.90
Finance costs	(156,459)	(208,906)	33.52
Share of profits and losses of:			
Associate companies	171,102	168,139	(1.73)
Joint ventures	494	313	(36.64)
Profit before tax	1,422,688	1,487,981	4.59
Income tax expense	(326,088)	(427,332)	31.05
Profit for the year	1,096,600	1,060,649	(3.28)

Revenue. Our total revenue increased by 12.23% to RMB5,734.31 million in 2011 from RMB5,109.55 million in 2010. Our revenue generated from coal services increased by 16.94% from RMB4,278.90 in 2010 to RMB5,003.61 million in 2011, primarily due to (i) the increase in our coal throughput as a result of the growth of the Chinese economy and (ii) the increase in our lump sum coal handling fees for both domestic and international trade, effective from the fourth quarter of 2011. Our revenue generated from metal ore handling decreased by 47.96% from RMB206.88 million in 2010 to RMB107.66 million in 2011, primarily as a result of the decline in metal ore cargo volume due to the stricter enforcement of certain local regulations concerning transportation of metal ores in 2011 that had negatively impacted the land transportation of metal ore in that year. In addition, our revenue generated from the handling of oil and liquefied chemicals increased by 20.18% from RMB119.07 million in 2010 to RMB143.10 million in 2011, mainly as we increased the lump sum handling fee for oil and liquefied chemicals and the throughput of oil and liquefied chemicals also increased in the same year.

Cost of Sales. Our cost of sales increased to RMB3,254.41 million in 2011 from RMB3,158.54 million in 2010. This increase was mainly due to the increases in our employee benefits, repair and maintenance expenses and power and fuel costs, partially offset by a decrease in leasing expenses as the throughput volume of general cargoes decreased, which led to reduced leasing fees for the vehicles used to load and unload general cargoes.

Gross Profit. Our gross profit increased by 27.11% to RMB2,479.90 million in 2011 from RMB1,951.01 million in 2010. Our gross profit margin increased from 38.18% in 2010 to 43.25% in 2011 primarily due to our raise of the lump sum coal handling fee for domestic trade by RMB3 per tonne in October 2011 and the increase in total throughput in 2011.

Other Income and Gains. Our other income increased by 191.33% to RMB56.35 million in 2011 from RMB19.34 million in 2010 mainly due to (i) the receipt of dividend in the amount of RMB30.00 million from SDIC Caofeidian Port Company in 2011, (ii) the increase in our interest income from bank deposit due to an increase in the benchmark interest rate mandated by PBOC, and (iii) the increase in government grants of environmental protection funds which were recognized in 2011. In 2010, we recognized gains on disposal of our subsidiary Shanhaiguan Terminal in the amount of RMB5.37 million.

Selling and Distribution Expenses. Our selling and distribution expenses increased by 116.63% to RMB1.94 million in 2011 from RMB0.90 million in 2010 mainly as the selling and distribution expenses of our subsidiary Ruigang Tech increased in 2011 in connection with its procurement of services of third party technical experts for the education of its customers with respect to the technologies of its equipment.

Administrative Expenses. Our administrative expenses increased by 11.33% to RMB605.46 million in 2011 from RMB543.84 million in 2010 mainly due to the increase in employee benefits as a result of inflation and competition in the port industry to attract skilled labor.

Other Expenses. Our other expenses increased significantly from RMB18.06 million in 2010 to RMB400.42 million in 2011 primarily due to (i) the provision of RMB292.23 million made in 2011 in connection with the transfer of the public infrastructures constructed by Cangzhou Bohai in Huanghua Port to Cangzhou Port Group Company Ltd., (ii) the provision of RMB80.26 million made in 2011 for the remaining balance of the RMB1.605 billion transfer funds receivable for the transfer of the public infrastructures in Huanghua Port, and (iii) the one-off donation of RMB15.20 million to support the construction of public facilities that was also made in 2011.

Finance Costs. Our finance costs increased by 33.52% to RMB208.91 million in 2011 from RMB156.46 million in 2010, which was mainly due to (i) the increase in the total amount of our interest bearing bank borrowings, and (ii) the increase in the interest rate due to an increase in the benchmark interest rate mandated by PBOC.

Share of Profits of Associate Companies. Our share of profits of associate companies remained stable and was RMB171.10 million in 2010 and RMB168.14 million in 2011.

Share of Profits of Joint Ventures. Our share of profits of joint ventures decreased by 36.64% to RMB0.31 million in 2011 from RMB0.49 million in 2010.

Income Tax Expense. Our income tax expense increased by 31.05% to RMB427.33 million in 2011 from RMB326.09 million in 2010, mainly because, on one hand, certain loss on disposal of property, plant and equipment incurred by one of our consolidated subsidiaries was not deductible for tax purpose in 2011, and on the other hand, the total profit before tax of all the other consolidated subsidiaries in our Group increased. Our effective income tax rate was 22.92% in 2010 and 28.72% in 2011.

Profit for the Year. As a result of the foregoing, our profit decreased by 3.28% to RMB1,060.65 million in 2011 from RMB1,096.60 million in 2010, and our profit margin decreased from 21.46% in 2010 to 18.50% in 2011.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically met our working capital needs mainly from cash generated from operations and bank borrowings. After the Global Offering, we are expected to continue to mainly rely on cash generated from operations and bank borrowings for our working capital needs. Besides bank borrowings and cash generated from operations, we may also rely on financing instruments such as straight and convertible debt securities and other short-term securities to meet the capital requirements of our future development projects and other capital needs.

Cash Flow Data

Our primary uses of cash are to pay employee wages and dividends to our shareholders, purchase equipment, fund our working capital and normal recurring expenses, and fund part of the capital expenditures in connection with the construction of projects in Huanghua Port and Caofeidian Port. We maintain our liquidity through a combination of cash flows generated from operating activities and bank borrowings.

The cash flow data set out in the table below is extracted from our consolidated statements of cash flows for each of the years ended December 31, 2010, 2011 and 2012 and six months ended June 30, 2012 and 2013.

	Year Ended December 31,			Six Months Ended June 30,	
	2010	**2011**	**2012**	**2012**	**2013**
			(RMB'000)		
				(unaudited)	
Net cash generated from operating activities	2,182,984	2,366,767	2,171,665	939,096	1,402,568
Net cash (used in)/generated from investing activities	(3,393,095)	838,370	(2,470,774)	(1,323,816)	(1,170,696)
Net cash generated from/(used in) financing activities	801,760	1,212,562	(1,870,275)	(1,613,470)	(1,180,949)
Net (decrease)/increase in cash and cash equivalents	(408,351)	4,417,699	(2,169,384)	(1,998,190)	(949,077)
Cash and cash equivalents at the beginning of the year/period	1,496,923	1,088,572	5,506,271	5,506,271	3,336,887
Cash and cash equivalents at the end of the year/period	1,088,572	5,506,271	3,336,887	3,508,081	2,387,810

Net Cash Generated From Operating Activities

For the six months ended June 30, 2013, our net cash generated from operating activities amounted to RMB1,402.57 million, primarily due to cash inflow from operating activities before movements in working capital of RMB1,662.74 million (reflecting profit before tax after adjustments of certain items) and increase in other operating payables and accruals of RMB39.66 million. This was partially offset by an increase in trade and bills receivables of RMB60.26 million (before deduction of certain provision for impairment). The increase in other operating payables and accruals was primarily due to unpaid leasing fees. The increase in trade and bills receivables was primarily due to an increase in our trade receivables in metal ore business as a result of the unfavorable general conditions of the relevant industry. We paid income tax of RMB288.63 million in the six months ended June 30, 2013.

For the six months ended June 30, 2012, our net cash generated from operating activities amounted to RMB939.10 million, primarily due to cash inflow from operating activities before movements in working capital of RMB1,479.14 million (reflecting profit before tax after adjustments of certain items) and increase in trade payables of RMB18.89 million, partially offset by a decrease in other operating payables and accruals of RMB66.65 million. We paid income tax of RMB399.51 million in the six months ended June 30, 2012.

For the year ended December 31, 2012, our net cash generated from operating activities amounted to RMB2,171.67 million, primarily due to cash inflow from operating activities before movements in working capital of RMB2,844.04 million (reflecting profit before tax after adjustments of certain items). This was partially offset by a decrease in other operating payables and accruals of RMB66.51 million and an increase in trade and bills receivables of RMB45.51 million. The decrease in other operating payables and accruals came from the payment of the enterprise supplementary pension for the current year beginning in 2012, while for 2011 and before, we provided for the enterprise supplementary pension in the current year and paid in the next year. The increase in trade and bills receivables was primarily due to our increased metal ore revenue in 2012 from the increased lump sum fee for metal ore handling in October 2011. We paid income tax of RMB570.89 million in the year ended December 31, 2012.

For the year ended December 31, 2011, our net cash generated from operating activities amounted to RMB2,366.77 million, primarily due to cash inflow from operating activities before movements in working capital of RMB2,704.03 million (reflecting profit before tax after adjustments of certain items), increase in other operating payables and accruals of RMB28.54 million and increase in trade payables of RMB21.71 million. This was partially offset by increase in prepayments, deposits and other receivables of RMB6.99 million. The increase in other operating payables and accruals was primarily due to the increase in prepaid port services fees due to increases in coal handling revenue from 2010 to 2011. The increase in trade payables was primarily due to (i) an increase in our purchase fees payables in relation to our purchase of spare parts, and (ii) an increase in port machinery leasing fees incurred by Cangzhou Bohai. We paid income tax of RMB393.23 million in the year ended December 31, 2011.

For the year ended December 31, 2010, our net cash generated from operating activities amounted to RMB2,182.98 million, primarily due to cash inflow from operating activities before movements in working capital of RMB2,263.60 million (reflecting profit before tax after adjustments of certain items), increase in other operating payables and accruals of RMB120.04 million, increase in trade payables of RMB27.87 million and decrease in prepayments, deposits and other receivables of RMB16.25 million, partially offset by an increase in inventories of RMB29.41 million. The increase in other operating payables and accruals was primarily due to the increase in prepaid port services fees as we developed certain long-term customers of our coal business. We paid income tax of RMB237.92 million in the year ended December 31, 2010.

Net Cash (Used in)/Generated from Investing Activities

For the six months ended June 30, 2013, our net cash used in investing activities amounted to RMB1,170.70 million, primarily consisting of cash used to purchase property, plant and equipment in the amount of RMB1,694.54 million related to the construction of our development projects in Huanghua Port and Caofeidian Port and investment in Tangshan Jingtang Railway, our associate company, in the amount of RMB40.00 million. This was partially offset by cash inflow from disposal of property, plant and equipment in the amount of RMB208.02 million and government grants in the amount of RMB294.94 million, which was primarily related to the proceeds received in connection with our transfer of Huanghua Port public infrastructure.

For the six months ended June 30, 2012, our net cash used in investing activities amounted to RMB1,323.82 million, primarily consisting of cash used to purchase property, plant and equipment in the amount of RMB2,120.19 million, which was partially offset by cash inflow from disposal of property, plant and equipment in the amount of RMB895.69 million.

For the year ended December 31, 2012, our net cash used in investing activities amounted to RMB2,470.77 million, primarily consisting of cash used to purchase property, plant and equipment in the amount of RMB3,597.98 million. This was related to the construction of our development projects in Huanghua Port and Caofeidian Port, and was partially offset by cash inflow generated from disposal of property, plant and equipment in the amount of RMB904.43 million, which was primarily related to the proceeds received in connection with our transfer of the Huanghua Port public infrastructures. See also "— Capital Expenditures."

For the year ended December 31, 2011, our net cash generated from investing activities amounted to RMB838.37 million, primarily consisting of cash inflow generated from disposal of property, plant and equipment in the amount of RMB3,745.63 million, which was primarily related to the transfer proceeds for the Huanghua Port public infrastructures. This was partially offset by cash used in purchase of property and equipment in the amount of RMB2,705.38 million, which was mainly related to our development projects in Huanghua Port and Caofeidian Port.

For the year ended December 31, 2010, our net cash used in investing activities amounted to RMB3,393.10 million, primarily consisting of cash used in the purchase of property, plant and equipment in the amount of RMB3,097.46 million, which was mainly related to the construction projects in Huanghua Port.

Net Cash From/(Used in) Financing Activities

For the six months ended June 30, 2013, our net cash used in financing activities amounted to RMB1,180.95 million, primarily consisting of cash used to repay borrowings from commercial banks in the amount of RMB1,695.00 million and dividend paid in the amount of RMB1,090.13 million, partially offset by cash from borrowings in the amount of RMB1,902.69 million to meet our daily capital turnover and capital demand for the development projects in Caofeidian Port.

For the six months ended June 30, 2012, our net cash used in financing activities amounted to RMB1,613.47 million, primarily consisting of cash used to repay borrowings from commercial banks in the amount of RMB3,806.00 million, partially offset by cash from borrowings in the amount of RMB2,875.82 million.

For the year ended December 31, 2012, our net cash used in financing activities amounted to RMB1,870.28 million, primarily consisting of cash used to repay borrowings from commercial banks in the amount of RMB4,834.80 million, interest paid in the amount of RMB686.62 million and dividends paid in the amount of RMB405.34 million. This was partially offset by cash from borrowings in the amount of RMB4,037.68 million to meet our daily capital turnover and capital demand for the development projects in Huanghua Port and Caofeidian Port.

For the year ended December 31, 2011, our net cash generated from financing activities amounted to RMB1,212.56 million, primarily consisting of cash from borrowings in the amount of RMB4,330.23 million, which was incurred to meet our daily capital turnover and capital demand for the development projects at Huanghua Port and Caofeidian Port, and the capital contributions from the non-controlling shareholders of Caofeidian Coal in the amount of RMB441.44 million. This was partially offset by cash used to repay borrowings in the amount of RMB2,830.00 million, interest paid in the amount of RMB433.33 million and dividend paid in the amount of RMB300.74 million.

For the year ended December 31, 2010, our net cash generated from financing activities amounted to RMB801.76 million, primarily consisting of cash from borrowings in the amount of RMB5,163.50 million, which was borrowed to meet our daily capital turnover and capital demand for the development projects at Huanghua Port and Caofeidian Port. This was partially offset by cash used to repay borrowings in the amount of RMB2,618.00 million, dividend paid in the amount of RMB1,395.15 million and interest paid in the amount of RMB351.74 million.

CURRENT ASSETS/ LIABILITIES AND WORKING CAPITAL

The table below sets out our consolidated current assets and current liabilities extracted from the consolidated statements of financial position during the Track Record Period:

	As of December 31,			As of June 30,	As of Indebtedness Date
	2010	2011	2012	2013	
			(RMB'000)		(unaudited)
Current assets					
Inventories	206,394	209,785	213,404	186,370	187,814
Trade and bills receivables	159,985	158,059	202,371	255,222	280,261
Prepayments, deposits and other receivables	111,793	1,627,270	257,163	191,681	68,902
Tax recoverable	1,056	26,128	26,128	28,875	—
Pledged deposits	2,706	3,911	—	481	481
Cash and cash equivalents	1,088,572	5,715,271	3,492,887	2,524,072	2,979,725
Total current assets	1,570,506	7,740,424	4,191,953	3,186,701	3,517,183
Current liabilities					
Trade payables	51,760	73,467	68,762	80,114	62,376
Other payables and accruals	4,032,226	3,030,918	2,384,527	2,315,040	2,637,961
Interest-bearing bank borrowings	2,539,000	4,194,000	2,564,534	2,484,034	3,541,234
Tax payable	207,877	312,897	176,100	165,434	206,076
Total current liabilities	6,830,863	7,611,282	5,193,923	5,044,622	6,447,647
Net current assets/(liabilities)	(5,260,357)	129,142	(1,001,970)	(1,857,921)	(2,930,464)

As of December 31, 2010, 2011 and 2012 and June 30, 2013, we recorded net current liabilities of RMB5,260.36 million, net current assets of RMB129.14 million, net current liabilities of RMB1,001.97 million and net current liabilities of RMB1,857.92 million, respectively. Our net current liabilities as of December 31, 2010 and 2012 and June 30, 2013 were mainly attributable to our development projects in Huanghua Port and Caofeidian Port, which reduced our cash and cash equivalents and increased our bank borrowings and our payables in connection with these development projects, and declarations of cash dividends during the relevant periods.

We recorded net current liabilities as of December 31, 2010 primarily because we incurred significant construction fee payables in connection with the construction projects at the general bulk terminal of Huanghua Port and for the construction of the public infrastructure in Huanghua Port, as well as short-term borrowings for working capital needs and the construction projects in Huanghua Port, and declared dividends of RMB1,695.89 million in 2010. We recorded net current assets as of December 31, 2011 primarily because we received a payment of RMB3,850.00 million from Cangzhou Port Group Company Limited for the transfer of the public infrastructure in Huanghua Port and recorded the remaining unpaid balance of RMB1,368.45 million as receivables, resulting in a significant increase in our total current assets, partially offset by the construction fee payables in connection with the construction projects in Huanghua Port and our short-term bank borrowings. Our short-term borrowings increased from RMB2,539.00 million as of December 31, 2010 to RMB4,194.00 million as of December 31, 2011, mainly because a portion of the three-year bank loans we borrowed in 2009, which had been recorded as non-current liabilities for the prior years, became due within one year and therefore were recorded as current liabilities. We recorded net current liabilities as of December 31, 2012 primarily because we incurred construction fee payables in connection with the development projects in Huanghua Port and Caofeidian Port, as well as short-term working capital loans, and declared dividends of RMB405.34 million in 2012. We recorded net current liabilities as of June 30, 2013 primarily because we incurred construction fee payables in connection with the development projects in Huanghua Port and Caofeidian Port, as well as short-term working capital loans, and declared dividends of RMB1,090.13 million in the first half of 2013.

Our net current liabilities increased from RMB1,857.92 million as of June 30, 2013 to RMB2,930.46 million as of the Indebtedness Date, mainly attributable to an increase in our short-term bank borrowings by RMB1,057.20 million from June 30, 2013 to the Indebtedness Date. The proceeds from such additional short-term borrowings were intended to be used for working capital or replacing existing loans. Our prepayments, deposits and other receivables decreased from RMB191.68 million as of June 30, 2013 to RMB68.90 million as of the Indebtedness Date mainly because we received a dividend of RMB133 million from our associate company, Caofeidian Shiye Port Company, resulting in a corresponding decrease in dividend receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations.

During the Track Record Period, we have met our working capital needs mainly from cash generated from operations and bank borrowings. We manage our cash flow and working capital by closely monitoring and managing, among other things, (i) the levels of our accounts payables and receivables, (ii) our capital expenditure plans, and (iii) our ability to obtain external financing. We also diligently review future cash flow requirements and assess our ability to meet debt repayment schedules and adjust our investment, financing and dividend payout plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations and expansion plans. We plan to maintain a prudent capital expenditure policy and fund some of our development projects with the proceeds from the Global Offering. See also "Future Plans and Use of Proceeds."

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, cash flow generated from operations, unutilized bank facilities and additional bank financings we may obtain as further discussed below, as well as net proceeds from the Global Offering, our Directors believe that we have sufficient working capital required for our operations at present and for at least the next 12 months from the date of the Prospectus:

- Operating cash flows. During the entire Track Record Period, we had stable and positive cash flows generated from operations, and we expect to continue to generate positive cash flows from our operations.

- Ability to renew bank loans and obtain additional bank financings. During the entire Track Record Period, we had been able to renew or roll over our bank loans at maturity as we required; most of our outstanding bank borrowings were made at the applicable benchmark lending rates published by PBOC or even at rates that were 5% or 10% lower than such benchmark rates, without any requirement for guarantee or security from us for such loans; and we had never breached any restrictive covenant under any bank loans in any material respect that had or would have, without a waiver, resulted in a default or event of default under the applicable loan agreements or an acceleration of such loans. Furthermore, the recent global financial market volatility and the credit tightening in China did not have any material impact on our ability to secure bank financings on the terms described above during the Track Record Period. We therefore believe that we will be able to continue to renew our bank loans and obtain additional bank financings under commercially acceptable terms in the future.

- Unused bank facilities. As of the Latest Practicable Date, we had total unused bank facilities of RMB4.28 billion. See also "— Indebtedness" for a description of unused bank facilities and outstanding bank loans, including any restrictive covenants under such loans.

Capital Expenditure

Our capital expenditures, which represent cash-based capital expenditures for purchasing of items of property, plant and equipment and intangible assets deducting capitalized interests, during the Track Record Period was mainly incurred in connection with the construction of certain public infrastructure in Huanghua Port, Huanghua Port bulk terminal, Huanghua Port general bulk terminal, Huanghua Port multi-purpose terminal and Caofeidian Port coal terminal. Among the above projects, the constructions of the public infrastructure in Huanghua Port and the Huanghua Port bulk terminal, general bulk terminal and multi-purpose terminal were invested by Cangzhou Bohai and the Caofeidian Port coal terminal was invested by Caofeidian Coal. For the years ended December 31, 2010, 2011 and 2012, our capital expenditure was approximately RMB3,241.87 million, RMB2,783.46 million and RMB3,614.23 million, respectively. For the six months ended June 30, 2012 and 2013, our capital expenditure was RMB2,120.19 million and RMB1,698.39 million, respectively. In addition to the investment in the Huanghua Port general bulk terminal project and the Caofeidian Port coal terminal, our capital expenditure in the first half of 2013 was also used in the preparation of the construction of the Huanghua Port ore terminal. The Huanghua Port ore terminal project is invested by Cangzhou Mineral. The total expected expenditure for the Huanghua Port ore terminal project is approximately RMB5.25 billion. We have begun the preparation work of this project, and the project is expected to be completed by 2014. We plan to fund the capital requirements of this project by the net proceeds we will receive from the Global Offering, bank borrowings and cash generated from operations. For details of the use of proceeds from the Global Offering, see “Future Plans and Use of Proceeds.”

Available-for-sale Investments

Available-for-sale investments during the Track Record Period represented our equity investment in Ruigang Logistics, SDIC Caofeidian Port Company, Qinhuangdao Port Elevator Co., Ltd., Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. and Tangshan Caofeidian Tugboat Co., Ltd.

Ruigang Logistics is 17% owned by our Company and 1% by Qinhuangdao Coal Market, our 68%-owned subsidiary. Ruigang Logistics is principally engaged in coal trading, transportation, freight forwarding, cargo storage and logistics information management and consulting services. Our investment in Ruigang Logistics is expected to provide good returns to us and opportunities to capitalize on its synergy with our owned businesses. Services provided by Ruigang Logistics are complementary to our port services and help to extend our business value chain and further promote our service quality and our continual growth. Our investment in Ruigang Logistics was made as part of the initial investments in that company in connection with its establishment.

SDIC Caofeidian Port Company is 15% owned by our Company. SDIC Caofeidian Port Company is engaged in the business of providing terminal facilities services for vessels, cargo loading and unloading, cargo storage, investment and construction of harbor engineering development projects, towing services and property management. Our investment in SDIC Caofeidian Port Company is in line with our strategy to strengthen our competitiveness in Caofeidian Port. We have gained stable dividend income from SDIC Caofeidian Port Company since 2011 and expect to continue to benefit from its profitability in the future. The investment in SDIC Caofeidian Port Company was initially made by our Controlling Shareholder and subsequently injected into our Company pursuant to the Reorganization. See also “History, Reorganization and Corporate Structure.”

Qinhuangdao Port Elevator Co., Ltd. is 10% owned by Ruigang Tech, our wholly owned subsidiary. Qinhuangdao Port Elevator Co., Ltd. is principally engaged in the sale, installation and maintenance of elevators and also provides technical consultation services relating to elevators. Our investment in Qinhuangdao Port Elevator Co., Ltd. ensures the availability of elevator maintenance services to our office buildings, which used to be provided by third parties. The investment in Qinhuangdao Port Elevator Co., Ltd. was initially made by Ruigang Tech prior to the Reorganization, pursuant to which the Controlling Shareholder injected its 90% equity interest in Ruigang Tech into our Company. See also “History, Reorganization and Corporate Structure.”

Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. is 16% owned by Caofeidian Coal, our 51% subsidiary. Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. plans to principally engage in projects relating to the business of coal stacking, coal blending, transportation and logistic system design consultation services. Our investment in Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. will facilitate the growth of our coal stacking capacity in Caofeidian coal terminals, which will supplement Caofeidian Coal's stacking capacity upon its commencement of operation, and will provide a stable demand for the coal handling services of our coal terminals in Caofeidian Port. The investment by Caofeidian Coal in Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. was made as direct investments in that company.

Tangshan Caofeidian Tugboat Co., Ltd. is 40.99% owned by Caofeidian Shiye, our associate company in which we hold 35% interest, and 18.03% by Caofeidian Coal, our 51% subsidiary. Tangshan Caofeidian Tugboat Co., Ltd. is principally engaged in tugboat services. Our investment in Tangshan Caofeidian Tugboat Co., Ltd. ensures the availability of tugboat services to our operations in Caofeidian Port. The investment by Caofeidian Shiye and Caofeidian Coal in Tangshan Caofeidian Tugboat Co., Ltd. was made as part of the initial investments in that company in connection with its establishment.

These equity investments are deemed as available-for-sale investments in accordance with applicable accounting rules because (i) we have no control, joint control or significant influence over those entities we have investment in, (ii) the investments are not loans or receivables, nor do they have fixed maturity, and (iii) we have not designated such equity investments as financial assets at fair value through profit or loss because they are unlisted and not actively traded. The main purposes of our investments, as described in details above, were to supplement our port services, extend our business value chain and promote demand for our services as well as our profitability and continual growth, among other objectives.

In line with our investment policies, before we make investment decisions with respect to available-for-sale investments, we put forward investment proposals which cover, among other things, the purpose of the investment and the required financial commitment. The total carrying value of our available-for-sale investments measured on a cost-less-impairment basis was RMB387.90 million, RMB649.07 million, RMB681.62 million and RMB681.62 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. The following table sets forth the carrying value of each investee company during the Track Record Period:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
		(RMB'000)		
Ruigang Logistics	—	36,000	36,000	36,000
SDIC Caofeidian Port Company	355,500	465,750	498,000	498,000
Qinhuangdao Port Elevator Co., Ltd.	402	402	702	702
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd.	32,000	65,040	65,040	65,040
Tangshan Caofeidian Tugboat Co., Ltd.	—	81,882	81,882	81,882
Total	387,902	649,074	681,624	681,624

We intend to hold our interests in these available-for-sale investments as long-term investment.

Pursuant to our "External Investment Decision Management Policy," we shall follow the following principles while making investment decisions: (1) all investment decisions must comply with PRC laws and regulations; (2) reasonably allocate the investments between long-term assets and current assets to achieve balance between liquidity and return; (3) to invest in projects with the most optimal return; and (4) to minimize investment risk. Our investment focus is on expanding port facilities and improving our services in the Bohai Rim. See also "Business — Business Strategies — Building upon our operations in the Bohai Rim, pursue suitable acquisition opportunities in China and abroad to extend our leading competitive position."

We have established an investment development department (the "Department") to coordinate and oversee our investments. While making any investment decision, the Department will coordinate with other relevant departments to form the proposal which is in the best interest of the Company. The Department comprises 14 employees, four of whom are in charge of the daily investment reviewing, including Mr. HAN Jian, the director of the Department, who holds a master of business administration degree from Peking University, Ms. WANG Yufan, vice director of the Department, who also holds a master of business administration degree from Peking University, Mr. WANG Guozhu, a manager of the Department, who holds a bachelor degree in transportation management from Northern Jiaotong University, and Mr. ZHAO Chengrui, a staff of the Department, who holds a bachelor degree in information and technology from Hefei University of Technology. These individuals possess on average approximately 15 years of experience in the field of port operation. Investment proposal will be approved by different decision bodies including the Chairman of the Board, the Board or the Shareholders, depending on the scale of the investment project and other factors including the asset value, fair market value of the project, revenue or profit to be generated by the project and the project's impact on our financial results. See also "Directors, Supervisors, Senior Management and Employees" for description of the Chairman of the Board and each Board members' work experience and qualifications.

Inventories

Our inventories mainly consisted of port operation materials and spare parts for equipment maintenance. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our total inventory balances amounted to RMB206.39 million, RMB209.79 million, RMB213.40 million and RMB186.37 million, accounting for 0.96%, 0.88%, 0.92% and 0.79% of the total assets, respectively. We endeavor to maintain a reasonable inventory level required for our operations through effective inventory management. The inventory turnover rates were relatively short during the Track Record Period.

The table below summarizes the components of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Raw materials	104,298	113,820	115,936	92,722
Spare parts and consumables	98,112	94,747	95,699	90,960
Finished goods	3,984	1,218	1,769	2,688
Total	206,394	209,785	213,404	186,370

The following table sets forth the turnover days of our inventories during the Track Record Period.

	Year Ended December 31,			Six Months Ended June 30,
	2010	2011	2012	2013
Turnover days of inventories[1]	22.15	23.34	21.84	19.61

Note: 1. Turnover days of inventories from 2010 to 2012 is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sales and multiplying by 365 days. Turnover days of inventories for the first half of 2013 is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sales and multiplying by 182.5 days.

During the Track Record Period, funds used for inventory account for a small portion of our operating costs, and our inventory turnover days were basically kept at a stable level.

Trade and Bills Receivables

As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade and bills receivables were RMB159.99 million, RMB158.06 million, RMB202.37 million and RMB 255.22 million, respectively.

Given our position as the market leader in coal services, we enjoy strong pricing power in this type of cargo and have generally required advance payments for our coal handling services. Such income is recorded as advances from customers and recognized only upon completion of the services. In addition, as Cangzhou Bohai began to generate revenue since October 2012, its ore business also adopts the advance payment model. The advance payment model reduces our accounts receivables and thereby improves our liquidity, turnover and operating cash management, which in turn benefits our results of operations. With respect to the other types of cargo, we usually collect payments only after we render our services and record the relevant income as trade receivables before we receive the payments. We usually may provide some of our customers with credit terms ranging from 30 to 60 days. We usually negotiate with the relevant customers on the length of the payment period taking into account factors such as the credit history of the customers, their liquidity and our working capital needs. Such agreement varies on a case-by-case basis and requires the judgment and experience of our management. We typically do not require any collateral as security for any credit we extend to our customers. All of our bills receivables are bank acceptance bills which are usually due within six months from the date of issuance.

The following table sets forth our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Trade receivables	94,630	115,261	157,462	218,231
Bills receivables	65,355	42,798	44,909	36,991
Trade and bills receivables — net	159,985	158,059	202,371	255,222

Our trade and bills receivables increased by 26.12% from RMB202.37 million as of December 31, 2012 to RMB255.22 million as of June 30, 2013 and by 28.04% from RMB158.06 million as of December 31, 2011 to RMB202.37 million as of December 31, 2012. The increase of trade and bills receivables during these two periods was primarily due to the increase of trade and bills receivables in our metal ore business as a result of the unfavorable general conditions of the relevant industry.

All of our bills receivables are bank acceptance bills due within six months.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Within 3 months	42,928	52,305	68,001	97,048
3 to 6 months	5,374	5,012	24,188	37,919
6 to 12 months	50,866	63,952	51,404	39,862
Over 12 months	6,250	4,778	23,939	60,883
	105,418	126,047	167,532	235,712
Provision for the impairment	(10,788)	(10,786)	(10,070)	(17,481)
Total	94,630	115,261	157,462	218,231

During the Track Record Period, a significant portion of our trade receivables were outstanding for less than one year. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade receivables that had been outstanding for more than one year represent 5.93%, 3.79%, 14.29% and 25.83% of our total trade receivables, respectively. Our trade receivables outstanding beyond one year were mainly delayed payments from our customers due to various reasons attributable to such customers including our customers' temporary capital constraint and long internal approval process. Additionally, our trade receivables outstanding beyond one year as of June 30, 2013 increased from that of December 31, 2012, mainly attributable to delayed payments from our metal ore customers due to the unfavorable general conditions of the relevant industry. After fully considering the nature of trade receivables and their collectability on a case-by-case basis, we have made provisions for the impairment of certain long overdue trade receivables in order to ensure the quality of our assets. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our provisions for the impairment of trade receivables were RMB10.79 million, RMB10.79 million, RMB10.07 million and RMB 17.48 million, respectively, representing 10.23%, 8.56%, 6.01% and 7.42% of our trade receivables, respectively. We are not aware of any of our customers that are experiencing financing difficulties. Moreover, subsequent to the Track Record Period and up to the Latest Practicable Date, we have not experienced any general slowdown in the settlement of trade receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations. Please refer to "— Current Assets/Liabilities and Working Capital" for further details of our current assets and current liabilities.

To ensure collectability of our trade receivables, we have implemented the following measures:

- Perform aging analysis of the trade receivables accounts;
- Hold periodic review meetings to review the trade receivables accounts; and
- Assign dedicated account managers to follow each top trade receivables account.

See also "Risk Factor — If we are unable to collect a large amount of other receivables or accounts receivables, our business operations may be adversely affect."

As of September 30, 2013, RMB186.17 million of the balance of our trade receivables as of June 30, 2013 had been collected, including RMB40.00 million of trade receivables aged over one year and mainly due from our metal ore customers. There was no additional provision made subsequent to June 30, 2013 to our trade receivables aged over one year as of June 30, 2013 and the provision made for such trade receivables amounted to RMB2.09 million as of September 30, 2013.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade and bills receivables to be settled by related parties were RMB3.85 million, RMB1.51 million, RMB2.52 million and RMB 14.81 million, respectively, representing 2.41%, 0.96%, 1.24% and 5.80% of our trade and bills receivables, respectively. The trade and bills receivables between our Group and related parties are mainly related to the port services we provided to them. As of June 30, 2013, our trade and bills receivables from related parties were higher than that of the previous year-end, mainly because such trade and bills receivables are usually settled at the end of each year.

The following table sets forth the turnover days of our trade and bills receivables during the Track Record Period.

	Year Ended December 31,			Six Months Ended June 30,
	2010	2011	2012	2013
Turnover days of trade and bills receivables[1]	12.01	10.12	10.52	12.33

Note: 1. Turnover days of trade and bills receivables from 2010 to 2012 is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by income and multiplying by 365 days. Turnover days of trade and bills receivables for the first half of 2013 is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by income and multiplying by 182.5 days.

Our turnover days of trade and bills receivables decreased from 12.01 days in 2010 to 10.12 days in 2011 mainly due to the revenue increase in 2011, of which the increase in revenue generated from our coal business accounted for a significant portion. As our coal business adopted the advance payment model that would not influence our trade and bills receivables, the increase in our revenue has resulted in a decrease in turnover days of trade and bills receivables. Our turnover days of trade and bills receivables remained generally stable and increased slightly from 10.12 days in 2011 to 10.52 days in 2012. Our turnover days of trade and bills receivables in the first half 2013 is 12.33 days.

Prepayments, Deposits, and Other Receivables

The following table sets forth our prepayments, deposits, and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
		(RMB'000)		
Prepayments	6,518	12,402	17,573	2,700
Receivable in respect of disposal of a subsidiary	102,601	86,400	39,200	39,200
Receivable in respect of disposal of items of property, plant and equipment	—	1,524,856	196,692	—
Dividend receivables	—	—	1,027	134,027
Others	2,674	3,612	2,671	15,754
Prepayments, deposits, and other receivables — net	111,793	1,627,270	257,163	191,681

Our prepayments, deposits, and other receivables during the Track Record Period mainly consisted of transfer proceeds (plus interests) of the Huanghua Port public infrastructures, equity transfer proceeds in connection with our disposal of equity interests in Shanhaiguan Terminal, and dividend receivables.

In April 2011, our subsidiary Cangzhou Bohai entered into the transfer agreement with Cangzhou Port Group Company Ltd., a company affiliated with Cangzhou government, in connection with the transfer of the Huanghua Port public infrastructure constructed by Cangzhou Bohai, to Cangzhou Port Group Company Ltd. at a total consideration of RMB5,218.45 million. We transferred the ownership of the public infrastructure of Huanghua Port to the Cangzhou government pursuant to the plan and government policy to build Huanghua Port into a landlord port with respect to which the local port authority acts as the regulatory body and landlord, while port operations, especially cargo handling, are carried out by companies like us. In addition, according to the transfer agreement, Cangzhou Port Group Company Ltd. also owed us an additional RMB236.66 million as compensation for the interest expenses incurred by Cangzhou Bohai on the bank loans it borrowed in connection with the construction of the Huanghua Port public infrastructure, which amount was further adjusted down by RMB18.12 million to RMB218.55 million in 2012 as agreed by Cangzhou Bohai and Cangzhou Port Group Company Ltd. The following table sets forth the amount of gross receivables and net receivables due from Cangzhou Port Group Ltd. as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
		(RMB million)		
Receivable at the beginning of the period	—	—	1,524.86	196.69
Add: gross receivable during the period	—	5,455.12	(18.12)	—
Less: amount received during the period	—	(3,850.00)	(1,368.45)	(218.55)
Less: provision for impairment	—	(80.26)	—	—
Add: reversal of provision	—	—	58.40	21.86
Receivable at the end of the period	—	1,524.86	196.69	—

In 2011, Cangzhou Port Group Company Ltd. paid a total of RMB3,850.00 million as part of the transfer proceeds. We made provision for impairment of RMB80.26 million in 2011 for the remaining overdue receivables in the aggregate amount of RMB1,605.12 million, which include the RMB1,368.45 million remaining balance of the transfer proceeds and the RMB236.66 million payment owed by Cangzhou Port Group Company Ltd. for the interest expenses incurred by us in connection with this project. As a result, as of December 31, 2011, we had other receivables of RMB1,524.86 million (after deduction of the provision for impairment of RMB80.26 million) with respect to the transfer of the Huanghua Port public infrastructure. In 2012, Cangzhou Port Group Company Ltd. further paid the RMB1,368.45 million remaining balance of the transfer proceeds, and accordingly we partially reversed the RMB58.40 million provision for impairment previously recorded in 2011. As a result, as of December 31, 2012, we had other receivables of RMB196.69 million (after deduction of the remaining provision for impairment of RMB21.86 million) with respect to the transfer of the Huanghua Port public infrastructure, which represents the payment owed by Cangzhou Port Group Company Ltd. for the interest expenses incurred by us in connection with this project. In the six months ended June 30, 2013, we received RMB218.55 million from Cangzhou Port Group Company Ltd., which represents all of the remaining balance due from Cangzhou Port Group Company Ltd. in connection with the Huanghua Port public infrastructure. Accordingly, we reversed the remaining provision for impairment of RMB21.86 million. As a result, we did not have any remaining balance of other receivables with respect to the transfer of the Huanghua Port public infrastructure as of June 30, 2013.

As of December 31, 2010, our prepayments, deposits and other receivables were mainly related to the transfer proceeds for the equity interest in Shanhaiguan Terminal. As of December 31, 2011, our prepayments, deposits and other receivables increased to RMB1,627.27 million from RMB111.79 million as of December 31, 2010, mainly due to (i) the RMB1,524.86 million (after deduction of the provision of impairment) due from Cangzhou Port Group Company Ltd. to Cangzhou Bohai, and (ii) the RMB86.40 million (after deduction of the provision of impairment) due from Qinhuangdao Development Zone Company, the other shareholder of Shanhaiguan Terminal, to our Company as the balance of the transfer proceeds for the equity interest in Shanhaiguan Terminal, both outstanding at the end of 2011. Our prepayments, deposits and other receivables decreased from RMB1,627.27 million as of December 31, 2011 to RMB257.16 million as of December 31, 2012 mainly because in 2012 Cangzhou Bohai received the remaining balance of RMB1,368.45 million as transfer proceeds for the Huanghua Port public infrastructure, and our Company collected RMB40.00 million as transfer proceeds for the equity interests in Shanhaiguan Terminal. As of June 30, 2013, our prepayments, deposits and other receivables further decreased to RMB191.68 million mainly because we fully received the remaining balance relating to the transfer of the Huanghua Port public infrastructures in the first half of 2013.

Trade Payables

Our trade payables mainly consisted of trade payables in connection with procurement of spare parts and maintenance cost. As of December 31, 2010, 2011 and 2012, our trade payables were RMB51.76 million, RMB73.47 million and RMB68.76 million, respectively. Our trade payables increased by 16.51% from RMB68.76 million as of December 31, 2012 to RMB80.11 million as of June 30, 2013 primarily because we usually settle certain trade payables at the end of each year and therefore such payables had not been settled as of June 30, 2013.

The following table shows an aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
		(RMB'000)		
Within 3 months	39,922	64,547	64,021	71,997
3 to 6 months	4,529	236	265	465
6 to 12 months	2,793	2,706	1,305	4,116
Over 12 months	4,516	5,978	3,171	3,536
Total	51,760	73,467	68,762	80,114

During the Track Record Period, a majority of our trade payables had been outstanding for less than one year. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade payables that had been outstanding for more than one year represented 8.72%, 8.14%, 4.61% and 4.41% of our total trade payables, respectively. In 2012, the payables aged more than one year decreased as we enhanced our management of trade payables thus accelerating our payment of trade payables. As of June 30, 2013, our trade payables outstanding beyond one year were RMB3.54 million.

The following table sets forth the turnover days of our trade payables during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2010	2011	2012	2013
Turnover days of trade payables[1]	4.37	7.02	7.34	7.30

Note: 1. Turnover days of trade payables from 2010 to 2012 are derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 365 days. Turnover days of trade payables for the first half of 2013 are derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 182.5 days.

Our turnover days of trade payables in 2011 and 2012 were longer than 2010 as we made more procurement of spare parts in 2011 and 2012 based on our business needs, thus increasing the amount of our trade payables.

Other Payables and Accruals

Our other payables and accruals mainly consisted of payables for purchase of property, plant and equipment, advances from customers and dividend payables and other payables. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our other payables and accruals amounted to RMB4,032.23 million, RMB3,030.92 million, RMB2,384.53 million and RMB2,315.04 million, respectively. The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
		(RMB'000)		
Payables for purchase of items of property, plant and equipment	2,925,464	1,891,032	1,619,185	1,510,613
Advances from customers	444,809	463,090	487,693	532,660
Other taxes payable and surcharges	112,306	457,934	128,847	84,374
Dividends payable	310,192	10,168	—	—
Port construction fee payables	55,955	25,417	6,434	6,434
Payables for staff costs	116,703	123,086	80,299	82,343
Others	66,797	60,191	62,069	98,616
Total	**4,032,226**	**3,030,918**	**2,384,527**	**2,315,040**

Our other payables and accruals decreased by 24.83% from RMB4,032.23 million as of December 31, 2010 to RMB3,030.92 million as of December 31, 2011 because Cangzhou Bohai repaid certain construction fees in relation to the construction projects in Huanghua Port in 2011. Our other payables and accruals decreased by 21.33% from RMB3,030.92 million as of December 31, 2011 to RMB2,384.53 million as of December 31, 2012 mainly due to a decrease in construction fees payable in relation to the construction projects in Huanghua Port, partially offset by an increase in the construction fees payable in relation to the construction projects in Caofeidian Port. Our other payables and accruals decreased from RMB2,384.53 million as of December 31, 2012 to RMB2,315.04 million as of June 30, 2013, primarily as a result of the decrease in the construction fees payable in relation to the construction projects in Huanghua Port.

Commitments

Capital Commitments

Our capital commitments for acquisition of property, plant and equipment and equity interests and business which were authorized but not provided for are set forth below as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Capital commitments in respect of property, plant and equipment:				
— Authorized but not contracted for	757,038	1,005,186	839,659	958,470
— Contracted but not provided for	3,157,033	1,405,665	2,335,598	1,300,655
	3,914,071	2,410,851	3,175,257	2,259,125
Capital commitments in respect of capital injection in joint ventures and associates:				
— Authorized but not contracted for	—	—	200,000	285,000
— Contracted but not provided for	117,040	—	—	160,000
	117,040	—	200,000	445,000
Total	4,031,111	2,410,851	3,375,257	2,704,125

As of June 30, 2013, our capital commitments were RMB2,704.13 million. We plan to fund these capital commitments by cash generated from operations and bank borrowings.

Operating Lease Commitments

We lease various properties, offices and equipment under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases as of the dates indicated are as follows:

	As of December 31,			As of June 30,
Item	2010	2011	2012	2013
	(RMB'000)			
Within 1 year	16,325	121,225	121,054	68,604
After 1 year but within 5 years	64,785	169,514	64,614	64,614
After 5 years	48,461	32,307	16,154	8,077
Total	129,571	323,046	201,822	141,295

Related Party Transactions

Amounts due from related parties

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the amounts due from related parties were RMB4.07 million, RMB8.35 million, RMB22.36 million and RMB23.94 million, respectively. The amounts due from related parties during the Track Record Period primarily consisted of payments related to the port related services we provided to our Controlling Shareholder and other related parties pursuant to the General Services Agreement. For details of the General Services Agreement, see "Connected Transactions — Connected Transactions — Exempt Continuing Connected Transaction — General Services Agreement."

Amounts due to related parties

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the amounts due to related parties were RMB134.62 million, RMB128.26 million, RMB82.74 million and RMB136.99 million, respectively. The amounts due to related parties during the Track Record Period primarily consisted of payments related to the employee training, property services, office supplies and other general services provided by our Controlling Shareholder and other related parties to us pursuant to the General Services Agreement and the rental payments under the Lease Agreement with respect to the lease of certain land, building, facilities and equipment from our Controlling Shareholder to us. For details of the Lease Agreement, see "Connected Transactions — Connected Transactions — Exempt Continuing Connected Transaction — Lease Agreement."

Our Directors believe that such transactions with related parties were based on normal commercial terms and were not materially different from the terms and conditions of the transactions entered into between other third parties and us.

INDEBTEDNESS AND CONTINGENCIES

Indebtedness

All of our interest-bearing borrowings are credit facilities with PRC banks denominated in RMB. No collateral or security was required for any of our interest-bearing bank borrowings during the Track Record Period and up to the Latest Practicable Date. The following table sets forth our interest bearing bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of Indebtedness Date
	2010	2011	2012	2013	
		(RMB'000)			(unaudited)
Bank borrowing — unsecured	9,216,499	10,716,726	9,919,610	10,127,302	11,136,770
Short-term bank borrowings:					
Repayable within one year	2,539,000	4,194,000	2,564,534	2,484,034	3,541,234
Long-term bank borrowings:					
Repayable over one year but within two years	2,264,000	629,334	462,787	967,619	958,350
Repayable over two years but within five years	967,598	1,535,769	2,068,068	2,078,392	2,182,922
Repayable over five years	3,445,901	4,357,623	4,824,221	4,597,257	4,454,264
	6,677,499	6,522,726	7,355,076	7,643,268	7,595,536
Total bank borrowings	9,216,499	10,716,726	9,919,610	10,127,302	11,136,770

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the balances of our interest-bearing short-term borrowings were RMB2,539.00 million, RMB4,194.00 million, RMB2,564.53 million and RMB2,484.03 million, respectively. The balances of our interest-bearing long-term borrowings were RMB6,677.50 million, RMB6,522.73 million, RMB7,355.08 million and RMB7,643.27 million, respectively. The balance of our short term borrowings as of December 31, 2011 was notably higher than other periods because a portion of the three-year bank loans we borrowed in 2009, which had been recorded as non-current liabilities for the prior years, became due within one year and therefore were recorded as current liabilities as of December 31, 2011. The long-term borrowings during the Track Record Period were mainly related to the construction projects in Huanghua Port and terminals of Caofeidian Port. The following table sets forth the effective interest rates of our interest-bearing bank borrowings during the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	Three Months Ended Indebtedness Date
	2010	2011	2012	2013	(unaudited)
Effective interest rate range (%)	4.44 to 5.76	4.13 to 7.59	4.86 to 7.59	5.40 to 7.05	5.40 to 7.05

As of the Indebtedness Date, the balance of our interest-bearing short-term borrowings was RMB3,541.23 million, and the balance of our interest-bearing long-term borrowings was RMB7,595.54 million. Our short-term bank borrowings increased from RMB2,484.03 million as of June 30, 2013 to RMB3,541.23 million as of the Indebtedness Date. The proceeds of such additional short-term borrowings were intended to be used for working capital or replacing existing loans. We plan to repay part of our bank borrowings when they fall due after the completion of the Listing, using a portion of the proceeds of the Global Offering. See "Future Plans and Use of Proceeds" for details. As of the Latest Practicable Date, most of our outstanding bank borrowings were made at the applicable benchmark lending rates published by PBOC or even at rates that are 5% or 10% lower than such benchmark rates. We are able to obtain some of our bank borrowings at favorable interest rates without providing any securities primarily due to our sound credit history and stable profitability and capability to repay loans. Our Group's economy of scale in Hebei Province and the positive general credit market conditions also enable us to negotiate favorable interest rate with local banks. As of the Latest Practicable Date, we had total unused bank facilities of RMB4.28 billion.

We are subject to a number of restricted covenants under certain loan agreements with PRC commercial banks. For example, we must have prior written consent from the banks before we dispose of any material assets or conduct any corporate restructurings, and the credit line shall be utilized in proportion to the capital investment and the construction progress of the project. In addition, some of the banks require an asset-liability ratio of the borrower not to exceed 90%. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that they do not know any breach of the covenants contained in our banking facilities constituting event of default nor know any restrictions that will limit our ability to draw down on our unutilized facilities.

Except for the facilities described above, we did not have any outstanding debt securities issued and outstanding or authorized or otherwise created but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as of the Latest Practicable Date. We currently do not have any material external debt financing plan.

Contingencies

We have not made any provision for legal claims during the Track Record Period. Our management does not anticipate that any material liabilities will arise from the contingent liabilities since June 30, 2013 and up to the Latest Practicable Date.

Off-Balance Sheet Arrangements

As of the Latest Practicable Date, we did not have any material off-balance sheet arrangements other than the contingent liabilities and commitments disclosed above.

SUMMARY OF FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Gross profit margin (%)	38.18	43.25	43.42	45.07
Net profit margin (%)[1]	21.46	18.50	22.36	35.50
Gearing ratio (%)[2]	116.66	113.89	95.11	96.07
Asset-liability ratio (%)[3]	63.18	60.41	55.05	55.05
Return on total assets (%)[4]	5.55	4.69	5.95	5.15
Return on equity (%)[5]	13.33	12.25	14.09	11.47
Current ratio[6]	0.23	1.02	0.81	0.63
Quick ratio[7]	0.20	0.99	0.77	0.59

Note: 1. Net profit margin is calculated based on profit for the year of the respective period divided by revenue.

2. Gearing ratio is calculated based on total borrowings divided by total equity at the end of the respective period.

3. Asset-liability ratio is calculated by dividing total liabilities by total assets.

4. Return on total assets equals the profit for the period divided by the arithmetic mean of the opening and closing balances of total assets of the relevant period expressed as a percentage.

5. Return on equity equals profit for the period divided by the arithmetic mean of the total equity at the beginning and the end of the period.

6. Current ratio is calculated by dividing current assets by current liabilities.

7. Quick ratio is calculated by dividing current assets less inventories by current liabilities.

Gearing Ratio

Our gearing ratio decreased from 116.66% as of December 31, 2010 to 113.89% as of December 31, 2011 mainly due to an increase in total equity as a result of the net profit of the year and the capital contribution from the non-controlling shareholder of Cangzhou OSTC, which impact was partially offset by the increase in total borrowings. Our gearing ratio further decreased to 95.11% as of December 31, 2012 mainly due to a decrease in total borrowings and the increase of total equity as a result of the net profit of the year. As of June 30, 2013, our gearing ratio was 96.07%.

Return on Total Assets

Our return on total assets decreased from 5.55% in 2010 to 4.69% in 2011 and increased to 5.95% in 2012. Our return on total assets reached 5.15% for the six months ended June 30, 2013. Our return on total assets was relatively lower in 2011 as we invested in the construction projects in Huanghua Port, which increased the amount of our total assets.

Return on equity

Our return on equity was 13.33% in 2010 and 12.25% in 2011. In 2012, our return on equity increased to 14.09% due to a significant increase in our net profit. Our return on equity was 11.47% for the first half of 2013.

Current Ratio

Our current ratio increased from 0.23 as of December 31, 2010 to 1.02 as of December 31, 2011 and decreased to 0.81 as of December 31, 2012. Our current ratio decreased from 0.81 as of December 31, 2012 to 0.63 as of June 30, 2013.

Quick Ratio

Our quick ratio increased from 0.20 as of December 31, 2010 to 0.99 as of December 31, 2011 and decreased to 0.77 as of December 31, 2012. Our quick ratio further decreased to 0.59 as of June 30, 2013.

LISTING EXPENSES

We did not incur any listing expenses during the Track Record Period. We expect to incur listing expenses (including underwriting commissions and fees) amounting to approximately HK$254.07 million in the second half of 2013, assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the stated range of the Offer Price of between HK$5.25 per H Share and HK$6.70 per H Share. See "Underwriting — Underwriting Arrangements and Expenses." Our Directors do not expect such expenses to have a material adverse effect on our financial results for the year ending December 31, 2013.

FINANCIAL RISK MANAGEMENT

We face a variety of financial risks in the ordinary course of business, including interest rate risk, credit risk and liquidity risk. In analyzing such risks, we periodically identify and evaluate risks. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Interest Rate Risk

As we have certain interest-bearing borrowings, we may be affected by changes in market interest rates. Our policy is to manage our interest cost using a mix of fixed and variable rate debts. We currently do not have any interest rate hedging policy. As of December 31, 2010, 2011 and 2012 and June 30, 2013, the balances of our interest-bearing short term borrowings were RMB2,539.00 million, RMB4,194.00 million, RMB2,564.53 million and RMB2,484.03 million, respectively, and the balances of our interest-bearing long term borrowings were RMB6,677.50 million, RMB6,522.73 million, RMB7,355.08 million and RMB7,643.27 million, respectively. As of the Latest Practicable Date, most of our outstanding bank borrowings were made at the applicable benchmark lending rates published by PBOC or even at rates that were 5% or 10% lower than such benchmark rates. For further information, please refer to the section headed "Risk Factors — Our leverage may affect our ability to expand, and any increase in interest rates may increase our financing costs, which may adversely impact our business and operations."

Credit Risk

Our credit risk mainly arise from trade receivables, cash and cash equivalents, pledged deposits and other receivables.

Generally, we require advance payment in our coal handling services and most of the metal ore business. With respect to the other types of cargo, we accept payments post services. Receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

The maximum of the credit risk represents the carrying amount of each of the financial assets in the balance sheet net of the provision of any impairment.

Liquidity Risk

We aim to maintain sufficient cash and keep the flexibility of funding from an adequate amount of available committed credit facilities. Within the respective periods, the maturity profile of the Group's financial liabilities as at the end of each of the relevant periods, based on the contractual undiscounted payments, is as follows:

	As of December 31, 2010				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	51,760	—	—	51,760
Financial liabilities included in other payables and accruals	3,035,516	322,892	—	—	3,358,408
Interest-bearing bank borrowings	—	2,927,696	4,151,166	3,764,987	10,843,849
Total	3,035,516	3,302,348	4,151,166	3,764,987	14,254,017

	As of December 31, 2011				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	73,467	—	—	73,467
Financial liabilities included in other payables and accruals	1,955,138	31,670	—	—	1,986,808
Interest-bearing bank borrowings	—	4,672,437	3,450,476	4,814,606	12,937,519
Total	1,955,138	4,777,574	3,450,476	4,814,606	14,997,794

	As of December 31, 2012				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	68,762	—	—	68,762
Financial liabilities included in other payables and accruals	1,669,390	18,298	—	—	1,687,688
Interest-bearing bank borrowings	—	3,062,274	4,009,330	5,501,312	12,572,916
Total	1,669,390	3,149,334	4,009,330	5,501,312	14,329,366

	As of June 30, 2013				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	80,114	—	—	80,114
Financial liabilities included in other payables and accruals	1,597,946	17,717	—	—	1,615,663
Interest-bearing bank borrowings	—	3,062,130	4,529,333	5,702,384	13,293,847
Total	1,597,946	3,159,961	4,529,333	5,702,384	14,989,624

DIVIDEND POLICY

We may declare and pay dividends by cash or by other means that we consider appropriate in the future. Distribution of dividends shall be formulated by our Board at their discretion and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations and other factors that our Directors may consider relevant. In any event, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of accumulated losses, if any;
- allocation to the statutory common reserve fund an amount equivalent to 10% of our profit after tax, as determined under PRC GAAP; and
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders in a shareholders' meeting.

The minimum allocation to the statutory common reserve fund is 10% of our profit after tax, as determined under PRC GAAP. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocation to this statutory common reserve fund will be required. Under PRC laws, after completion of the Global Offering, dividends may be paid only out of distributable profits as determined under PRC GAAP or IFRS, whichever is lower. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

In the future, we expect to distribute no less than 40% of our annual distributable net profits as dividends. There is, however, no assurance that we will be able to distribute dividends of such amount or any amount each year or in any year. The amount of dividend actually distributed to the shareholders of the Company will depend upon the Group's earnings and financial conditions, operating requirements and capital requirements and approval of the Company's board of directors and shareholders. In addition, declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

Dividend Distribution Prior to the Listing

Dividend Distribution for Year 2008

Pursuant to the resolutions passed at the general shareholders' meetings for the year 2008 dated May 22, 2009, as of December 31, 2008, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was approximately RMB512.19 million. Based on the total 4,275,000,000 shares by the end of 2008, we declared cash dividends in an amount of RMB153.90 million to all the shareholders, i.e., RMB0.36 (taxes included) for every 10 shares. The remaining distributable reserve of approximately RMB358.29 million after such distribution would be carried over for future distribution. As of July 2009, all such dividends had been paid up.

Dividend Distribution for Year 2009

Pursuant to the resolutions passed at the first extraordinary general shareholders' meeting for the year 2010 dated September 12, 2010, as of December 31, 2009, our distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was approximately RMB1,096.35 million. Based on the distributable reserve and the total 4,275,000,000 shares by the end of 2009, we declared cash dividends in a total amount of RMB1,094.40 million, which is equivalent to RMB2.56 (taxes included) for every 10 shares, to all shareholders. All such dividends have been paid up.

Dividend Distribution for Period from January 1, 2010 to June 30, 2010

Pursuant to the resolutions passed at the second extraordinary general shareholders' meeting for the year 2010 dated December 10, 2010, as of June 30, 2010, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was RMB601.49 million. Based on the total 4,275,000,000 shares as of June 30, 2010, we declared cash dividends in a total amount of RMB300.75 million to all shareholders, which is equivalent to RMB0.70 (taxes included) for every

10 shares. Pursuant to the shareholders' resolution, such distribution shall have been completed by December 31, 2010. In addition, pursuant to such shareholders' resolutions dated December 10, 2010, we also declared cash dividends in a total amount of RMB300.74 million, equivalent to RMB0.70 (taxes included) for every 10 shares, which shall have been distributed by March 31, 2011. All of such dividends have been distributed according to the shareholders' resolutions.

Dividend Distribution for Year 2011

Pursuant to the resolutions passed at the general shareholders' meetings for the year 2011 dated April 24, 2012, as of December 31, 2011, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was RMB1,351.12 million. Based on the total 4,275,000,000 shares as of December 31, 2011, we declared cash dividends in a total amount of RMB405.34 million to all shareholders, which is equivalent to RMB0.95 (taxes included) for every 10 shares. Such dividend distribution plan has been completed.

Dividend Distribution for Year 2012

Pursuant to the resolutions passed at the general shareholders' meeting for the year 2012 dated April 19, 2013, as of December 31, 2012, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was RMB2,183.26 million. Based on the undistributed profits and the total 4,275,000,000 shares as of December 31, 2012, we declared cash dividends in the total amount of RMB1,090.13 million, which is equivalent to RMB2.55 for every 10 shares, to all the shareholders. All of such cash dividends have been distributed in June 2013.

In addition, pursuant to the resolutions passed at the first extraordinary general shareholders' meeting for the year 2013 dated July 11, 2013, as of December 31, 2012, our distributable reserve (being the retained profits determined under PRC GAAP) was RMB2,183.26 million. Giving effect to the first tranche of cash dividends approved at the general shareholders' meeting for the year 2012 dated April 19, 2013, which have been subsequently distributed in June 2013, the balance of the total distributable reserve (being the retained profits determined under PRC GAAP) as of December 31, 2012 shall be RMB1,093.14 million. Based on the distributable reserve and the total 4,275,000,000 shares as of December 31, 2012, we declared a second tranche of cash dividends in the total amount of RMB1,090.13 million, which is equivalent to RMB2.55 for every 10 shares, to all the shareholders. As of the Latest Practicable Date, we have paid RMB926.63 million of the aforesaid dividends to the existing Shareholders.

Distributable Reserves

As of June 30, 2013, our distributable reserve, which our dividend distribution shall be based upon, excluding the proposed additional 2012 dividend of RMB1,090.13 million, amounted to RMB1,168.57 million (being the retained profits determined under PRC GAAP).

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets is based on our audited consolidated net assets attributable to the owners of our Company as of June 30, 2013, as shown in Appendix I — Accountants' Report to this prospectus, adjusted as described below. Our unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purpose only. Limited by its nature, our unaudited pro forma adjusted consolidated net tangible assets might not give a true picture of our financial condition.

The following unaudited pro forma adjusted consolidated net tangible assets have been prepared to illustrate the effect of the Global Offering on our consolidated net tangible assets as of June 30, 2013 as if the Global Offering has proceeded on June 30, 2013.

	Consolidated net tangible assets attributable to the owners of our Company as of June 30, 2013[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share[3]	Unaudited pro forma adjusted consolidated net tangible assets per Share[4]
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB)	(HK$)
Based on an Offer Price of HK$5.25 per Share	9,265,614	2,943,473	12,209,087	2.43	3.07
Based on an Offer Price of HK$6.70 per Share	9,265,614	3,777,336	13,042,950	2.59	3.28

Notes:

(1) The consolidated net tangible assets attributable to the owners of the Company as of June 30, 2013 is arrived at after deducting the other intangible assets of RMB105.22 million and goodwill of RMB59,000 from the consolidated net assets of our Group attributable to the owners of the Company as of June 30, 2013 of approximately RMB9,370.89 million as set forth in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK$5.25 and HK$6.70, after deduction of the underwriting fees and related expenses payable by the Company and takes no account of any Share which may be offered for sales upon exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at the PBOC rate of HK$1.00 to RMB0.79 prevailing on November 15, 2013.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 5,029,412,000 shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be offered for sales upon exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at the PBOC rate of HK$1.00 to RMB0.79 prevailing on November 15, 2013.

DISCLOSURES MADE PURSUANT TO RULES 13.13 TO 13.19 OF HONG KONG LISTING RULES

We confirm that as of the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

RECENT DEVELOPMENTS

Based on our unaudited management accounts, as of the Indebtedness Date, we had total current assets of RMB3,517.18 million and total current liabilities of RMB6,447.65 million. Our net current liabilities increased from RMB1,857.92 million as of June 30, 2013 to RMB2,930.46 million as of the Indebtedness Date, mainly attributable to an increase in our short-term bank borrowings by RMB1,057.20 million from June 30, 2013 to the Indebtedness Date. The proceeds from such additional short-term borrowings were intended to be used for working capital or replacing existing loans. Our prepayments, deposits and other receivables decreased from RMB191.68 million as of June 30, 2013 to RMB68.90 million as of the Indebtedness Date mainly because we received a dividend of RMB133 million from our associate company, Caofeidian Shiye Port Company, resulting in a corresponding decrease in dividend receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations. Please refer to "Financial

— Current Assets/Liabilities and Working Capital" for further details of our current assets and current liabilities.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial position or prospects, gross profit margin, revenue or throughput since June 30, 2013 (being the date to which our Company's latest consolidated audited financial results were prepared) and there has been no event since June 30, 2013 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.