秦皇岛港股份有限公司
QINHUANGDAO PORT CO.,LTD.*

(a joint stock limited liability company incorporated in the People's Republic of China)

Stock Code : 3369

*For identification purposes only

2014

Annual Report

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DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"AGM" or "Annual General Meeting"	the annual general meeting or its adjourned meetings of the Company to be held at 10:00 am on Tuesday, 9 June 2015 at Holiday Inn, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC
"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Berth"	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
"Board of Directors" or "Board"	the board of directors of the Company
"Bohai Port Investment"	Bohai Jin-Ji Port Investment and Development Company Limited* (渤海津冀港口投資發展有限公司), a company incorporated in the PRC with limited liability on 8 August 2014
"Bulk cargo"	loose commodity cargo that is transported in volume or size
"CAGR"	compound annual growth rate
"Cangzhou Bohai"	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on 31 October 2007
"Cangzhou Mineral"	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company incorporated in the PRC with limited liability on 10 April 2012
"Caofeidian Coal"	Tangshan Caofeidian Coal Port Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company incorporated in the PRC with limited liability on 29 October 2009
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
"Caofeidian Shiye"	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company incorporated in the PRC with limited liability on 4 September 2002
"Company"	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
"Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Director(s)"	director(s) of our Company
"Domestic Share(s)"	ordinary share(s) of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Dry bulk"	solid commodity cargo comprised of major dry bulk (coal, metal ore and grain) and other dry bulk commodities such as sugar, cement and fertiliser
"GDP"	gross domestic product

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Global Offering"	the issuance of H Shares of our Company by way of Hong Kong public offering and international offering in 2013
"Group", "the Group", "us" or "we"	the Company and all of its subsidiaries (unless the context otherwise requires)
"harbour"	a port of haven where ships may anchor
"Hebei SASAC"	State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province (河北省人民政府國有資產監督管理委員會)
"HK$" or "Hong Kong dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPG" or "Controlling Shareholder"	Hebei Port Group Co., Ltd. (河北港口集團有限公司), previously known as Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司), holds 61.72% equity interest of the Company
"HPG Finance"	Hebei Port Group Finance Company Limited (河北港口集團財務有限公司), a company incorporated in the PRC with limited liability on 10 July 2014
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed and dealt in, on the Stock Exchange
"Huanghua Port"	Huanghua Port in Cangzhou City, Hebei Province
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any director, supervisor, controlling shareholder, substantial shareholder and chief executive officer of the Company and its subsidiaries or any of their respective associates
"Listing"	Listing of our H Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NBSC"	the National Bureau of Statistics of China (中國國家統計局)
"Nomination Committee"	the nomination committee of the Board
"Non-competition Agreement and Undertaking"	the non-competition agreement dated 25 December 2008, entered into between the Controlling Shareholder and our Company, which was re-entered on 12 September 2010 between the Controlling Shareholder and our Company, and was further amended on 11 July 2013, and the non-competition undertakings issued by HPG on 25 September 2010
"PRC" or "China"	the People's Republic of China which, for the purpose of this report, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Prospectus"	the prospectus of the Company dated 29 November 2013 in connection with the Global Offering
"Qinhuangdao Port"	Qinhuangdao Port in Qinhuangdao City, Hebei Province
"Qinhuangdao Seaborne Coal Trading Market"	the seaborne coal trading market operated by Qinhuangdao Seaborne Coal Trading Market Co., Ltd.* (秦皇島海運煤炭交易市場有限公司)
"QPG"	Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which was changed to Hebei Port Group Co., Ltd.* (河北港口集團有限公司) on 6 July 2009
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time)
"Share(s)"	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Terminal"	a major construction of a harbour which is designated for mooring vessels, loading and unloading cargoes and boarding travellers
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company established pursuant to the Company Law
"TEU" or "container"	a box made of aluminum, steel or fiberglass and used to transport by ship, rail or barge. The standardized dimension (i.e one TEU) is 20 feet in length, eight feet and six inches in height and eight feet in width
"the Previous Year or "2013"	the year ended 31 December 2013
"the Year", "the Reporting Period" or "2014"	the year ended 31 December 2014
"Tianjin Port Group"	Tianjin Port (Group) Co., Ltd.* (天津港（集團）有限公司), a company incorporated under the laws of the PRC with limited liability
"Throughput"	a measure of the volume of cargo handled by a port. Where cargoes are transshipped, each unloading and loading process is measured separately as part of throughput
"2015"	the year ended 31 December 2015

* *For identification purpose only*

CORPORATE INFORMATION

OFFICIAL NAME OF THE COMPANY

秦皇島港股份有限公司

ENGLISH NAME OF THE COMPANY

QINHUANGDAO PORT CO., LTD.*

LEGAL REPRESENTATIVE

Mr. XING Luzhen (邢録珍)

BOARD OF DIRECTORS

(1) Executive Directors

Mr. XING Luzhen (邢録珍)
Mr. HE Shanqi (何善琦) (resigned on 12 January 2015)
Mr. TIAN Yunshan (田雲山) (appointed on 12 January 2015)
Mr. WANG Lubiao (王録彪)
Mr. MA Xiping (馬喜平)

(2) Non-executive Directors

Mr. ZHENG Yunming (鄭雲明) (resigned on 6 June 2014)
Mr. ZHAO Ke (趙克)
Mr. LI Jianping (李建平) (appointed on 6 June 2014)
Mr. DUAN Gaosheng (段高升)

(3) Independent Non-executive Directors

Mr. HONG Shanxiang (洪善祥)
(resigned on 6 June 2014)
Mr. SHI Rongyao (師榮耀)
Ms. YU Shulian (余恕蓮)
Mr. ZHAO Zhen (趙振) (appointed on 6 June 2014)
Mr. LI Man Choi (李文才)

BOARD COMMITTEES

(1) Audit Committee

Ms. YU Shulian (余恕蓮) *(Chairman)*
Mr. DUAN Gaosheng (段高升)
Mr. LI Man Choi (李文才)

(2) Remuneration and Appraisal Committee

Mr. SHI Rongyao (師榮耀) *(Chairman)*
Ms. YU Shulian (余恕蓮)
Mr. TIAN Yunshan (田雲山)

(3) Nomination Committee

Mr. ZHAO Zhen (趙振) *(Chairman)*
Ms. YU Shulian (余恕蓮)
Mr. LI Jianping (李建平)

(4) Strategy Committee

Mr. XING Luzhen (邢録珍) *(Chairman)*
Mr. TIAN Yunshan (田雲山)
Mr. DUAN Gaosheng (段高升)
Mr. SHI Rongyao (師榮耀)
Mr. ZHAO Zhen (趙振)

SUPERVISORY COMMITTEE

(1) Supervisors

Mr. GE Ying (葛瑛) (resigned on 6 June 2014)
Mr. CHEN Shaojun (陳少軍) (resigned on 6 June 2014)
Mr. NING Zhongyou (寧中友) (resigned on 6 June 2014)
Mr. NIE Yuzhong (聶玉中) (appointed on 6 June 2014)
Mr. WANG Yashan (王雅山) (appointed on 6 June 2014)
Mr. LIU Simang (劉巳莽) (appointed on 6 June 2014)

(2) Employee Representative Supervisors

Mr. CAO Dong (曹棟)
Mr. YANG Jun (楊軍)

* *For identification purpose only*

CORPORATE INFORMATION

JOINT COMPANY SECRETARIES

Mr. ZHANG Nan (張楠)
Ms. KWONG Yin Ping, Yvonne (鄺燕萍)

AUTHORIZED REPRESENTATIVES

Mr. MA Xiping (馬喜平)
Ms. KWONG Yin Ping, Yvonne (鄺燕萍)

AUDITORS

Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower,
Oriental Plaza, No.1 East Chang An Avenue,
Dongcheng District, Beijing, the PRC

LEGAL ADVISORS AS TO HONG KONG LAW

Li & Partners
22nd Floor, World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

REGISTERED ADDRESS

35 Haibin Road
Qinhuangdao
Hebei Province, PRC

HEADQUARTERS

35 Haibin Road
Qinhuangdao
Hebei Province, PRC

PRINCIPAL PLACE OF BUSINESS

35 Haibin Road
Qinhuangdao
Hebei Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
(Qinhuangdao Haibin Road Branch)
Bank of Communications Co., Limited (Cangzhou Branch)
China Minsheng Banking Corp., Limited (Cangzhou Branch)
Bank of China Limited (Tangshan Branch)

H SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Center
183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.portqhd.com

STOCK CODE

3369

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of the Group for the year ended 31 December 2014.

ANALYSIS OF THE MACROECONOMIC CONDITION

During the Year given the ripple effects of the international financial crisis, the world economy recorded sluggish growth, showing a sign of slow recovery due to lack of growth drivers. At the same time, by slowing down its growth from a high rate to a moderate-rate, and adjusting its economic structure, the PRC recorded an increase of 7.4% in GDP throughout the year and kept its economy in a reasonable growth rate. Notwithstanding the overall economy maintained steady growth, the PRC economy is still facing great downward pressure as some sectors, including real estate and local debt platforms, are subject to serious financial risks due to the weak recovery of the global economy.

PERFORMANCE OF MAJOR BUSINESS[NOTE] AND DIVIDENDS

During the Year in response to the adverse impact brought by the macro-economic gloom and weak market demand for coal, the Group was devoted to overcome the challenges proactively through various effective measures, including strengthening the efforts on market expansion, implementing refined systematic management, and greatly enhancing its production efficiency and service quality. By fully taking advantage of capacity of the ports, the Group has successfully fulfilled all missions and performance goals for the Year.

During the Year, the throughput of the Group hit another record high, with a total throughput for all types of cargos reaching 382 million tonnes, representing an increase of 4.69% as compared with 2013. Throughput of coals, metal ores, oil and liquefied chemicals, containers and general and other cargoes amounted to 246 million tonnes, 109 million tonnes, 7.26 million tonnes, 9.67 million tonnes and 10.38 million tonnes, respectively. Revenue of the Group for the Year amounted to RMB7,223 million, representing an increase of 0.47% as compared with RMB7,189 million for the same period of last year. Net profit attributable to shareholders of the parent company amounted to RMB1,980 million, representing an increase of 12.23% as compared with RMB1,764 million for the same period of last year. The Board proposed to distribute a final dividend of RMB0.35 per Share (tax inclusive) for the Year.

Note: Throughput includes that of Caofeidian Shiye, which operates terminals in Caofeidian Port and is a non-consolidated associate company of, and 35% owned by the Company. The Company is the largest shareholder of Caofeidian Shiye. During the Year, the throughput of Caofeidian Shiye was 83.84 million tonnes, consisting of 3.80 million tonnes of coal, 79.90 million tonnes of metal ores and 0.14 million tonnes of general cargoes.

BUSINESS REVIEW

As the largest independent port operator for major dry bulk cargo in the world and one of the most important ore port operators in the Bohai Rim, the Group provides coal and relevant logistics services, metal ores and relevant logistics services, oil/liquefied chemicals and relevant logistics services, general bulk and relevant logistics services, containers and relevant logistics services and value-added port services.

By seizing the opportunities of synergetic development in Beijing, Tianjin and Hebei, the Group has established a joint venture, Bohai Port Investment, with Tianjin Port Group, to proactively promote the construction of the 200,000-tonne ore berths in Huanghua Port, and Phase Two and Phase Six of Caofeidian Coal Project, marking the commanding height of its strategic development.

Confronted with the complex market environment, the Group strived to cater for the market demand by improving production efficiency and providing excellent services. We further enhanced the efficiency and expanded the port logistics service business through reforms, innovation and refined management. With all these efforts, we recorded a record high in respect of port throughput of our Group.

In respect of coal, the Group has improved its service quality by consolidating production organisation. By leveraging on cooperation advantages, the Group strengthened communication and coordination with railway and maritime departments. Meanwhile, the Group fully exerted the functions of anchorage areas to further improve the efficiency of ship berthing. In respect of dry bulk cargo, to keep abreast of market changes, the Group earnestly cultivated new growth points based on its research into the development of cargo resources and constantly improved its productivity efficiency by exploring potential within the Group. By fully taking advantage of the price reduction in imported ores, the Group strengthened organisation for production and achieved a significant growth in the throughput of metal ores. In respect of oil and liquefied chemicals, in order to capture and maintain a higher market share, the Group launched a construction project for an oil reserve of 60,000 cubic meters to provide reserves for subsequent production. In respect of containers, the Group has committed to the "dry bulk & general cargoes to containers" reform and strengthened the cooperation with the railway departments and shipping companies, resulting in the successful operation of sea-rail intermodal transportation with regular trains. Focusing on the development of imported cargo resources, the Group operated the domestic sub-line of Huanghua Port-Tianjin Port and achieved a significant growth in the imports from foreign trade.

OUTLOOK AND PROSPECTS

In 2015, in light of downward risks in the global economy, policy adjustments in developed countries will bring uncertainty to the world economy, with a slowdown in growth of emerging economies. Domestically, greater downward pressure on the PRC economy will lead to the surfacing of deep-seated problems during its development. The economic depression will not be improved in the short term due to restrictions imposed on some energy-intensive industries (including steel and cement) by the government for promoting its energy conservation and emissions reduction policy. On the other hand, benefiting from the reform in the PRC, a series of measures for steady growth have been introduced by the government, and its fiscal and monetary policies will be eased relatively. The acceleration of the integration and urbanisation of Beijing, Tianjin and Hebei, support in the advanced development in coastal areas from Hebei Province, together with adjustments in the export taxes for coal by the government, all of which will jointly provide a golden opportunity for the development of the Group. Therefore, in spite of the difficulties ahead and the pressures imposed, the Group will be blessed with abundant opportunities for development. From a global perspective, proactive economic policies will be adopted by developed countries to avoid economic downturn, and there will be room for policy adjustments for emerging economies, leading to a slow recovery of the global economy.

In 2015, in response to the new development state of coastal ports and for seizing the opportunity to boost synergetic development of Beijing, Tianjin and Hebei, the Group will accelerate the construction of Caofeidian Port in Tangshan and Huanghua Port in Cangzhou and promote the rapid development of our port operations, in order to maximise the returns for our Shareholders.

Finally, on behalf of the Board, I would like to express my gratitude to Shareholders and business partners of the Company for their continuous support to the Group. I would also like to express my sincere thanks to all employees of the Group for their hard work.

Qinhuangdao Port Co., Ltd.*
Xing Luzhen
Chairman

23 March 2015

* *For identification purpose only*

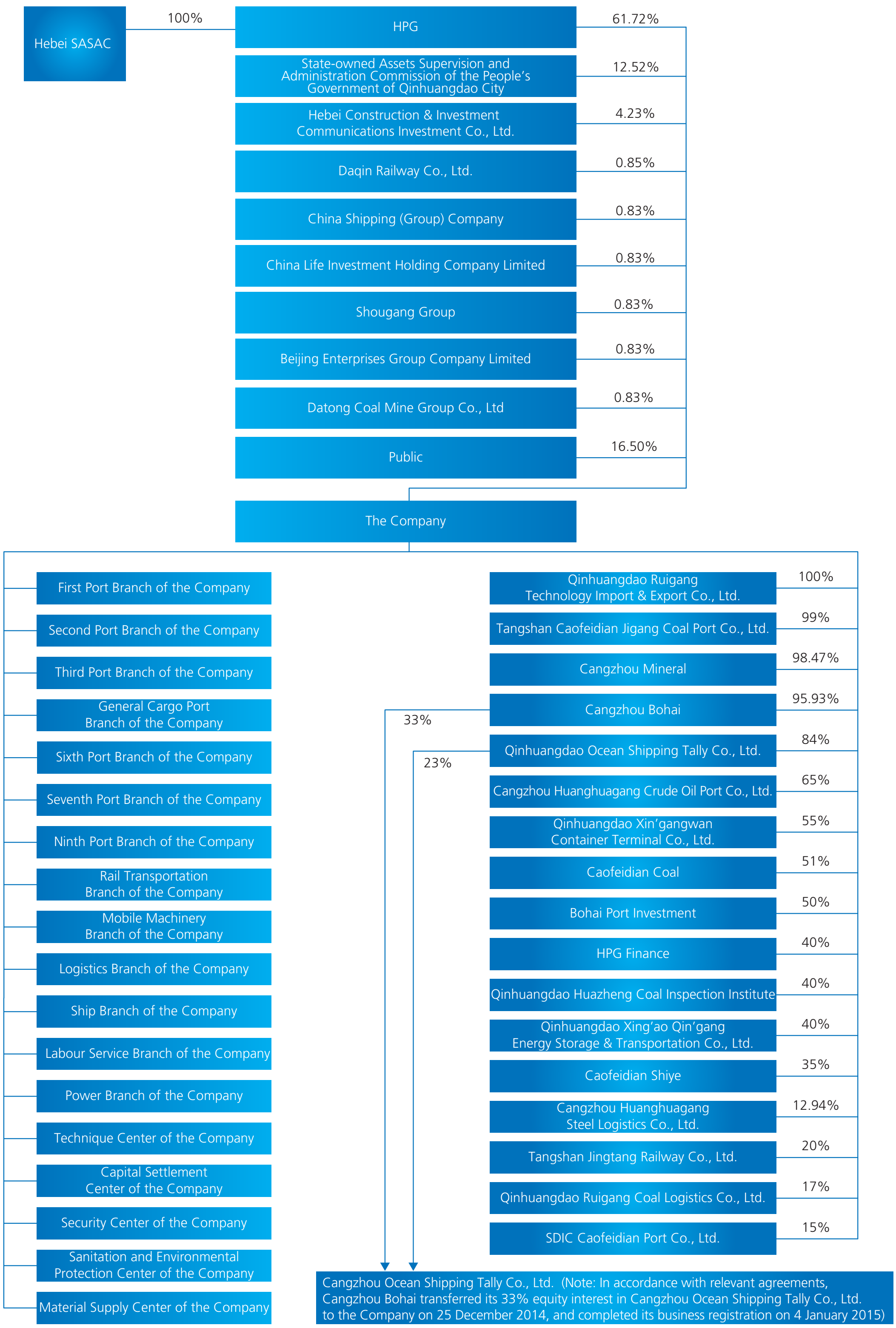
FINANCIAL HIGHLIGHTS

	2014 RMB'000	2013 RMB'000	Changes RMB'000
Summary of Income Statement			
Revenue	7,223,103	7,189,172	33,931
Gross profit	3,110,114	2,982,201	127,913
Total profit	2,557,383	2,195,985	361,398
Net profit attributable to owners of the parent company	1,980,145	1,764,362	215,783
Basic/diluted earnings per share (RMB cents)	39.37	40.88	-1.51
Summary of balance sheet			
Cash and bank balances	3,095,476	5,945,267	-2,849,791
Net current liabilities	-1,632,545	-2,021,188	388,643
Total assets	28,136,779	29,241,743	-1,104,964
Interest-bearing bank borrowings	11,010,089	10,763,459	246,630
Gearing ratio (%)	52.31%	55.38%	-3.07%
Net assets per Share (RMB)	2.43	2.36	0.07
Return on equity (%)	14.94%	15.13%	-0.19%
Summary of cash flow statement			
Net cash flows from operating activities	2,983,811	2,869,195	114,616
Net cash flows from investing activities	-3,172,428	-2,244,831	-927,597
Net cash flows from financing activities	-2,479,954	1,487,048	-3,967,002
Net increase in cash and cash equivalents	-2,635,117	2,094,469	-4,729,586

All financial data is presented according to the China Accounting Standards for Business Enterprises.

SHAREHOLDING STRUCTURE OF THE GROUP

As at 31 December 2014, the shareholding structure of the Group was as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

(I) INDUSTRY OVERVIEW[NOTE]

(1) Overview of Port Industry in the PRC

The PRC economy continued to maintain its steady growth during 2014. The PRC economy operation quality remained stable with improved economic structures in 2014. Based on preliminary calculations, for the first time in history, China's GDP exceeded RMB60 trillion and reached RMB63,646.3 billion during 2014, representing an increase of 7.4% as compared with 2013 calculated at comparable prices. The throughput of ports in the PRC also recorded a stable increase. The throughput of cargoes in ports above designated size reached 11.16 billion tonnes, representing an increase of 4.8% as compared with 2013, including the throughput of imported cargoes of 3.52 billion tonnes, representing an increase of 5.9%; the throughput of containers in ports above designated size reached 200.93 million TEUs, representing an increase of 6.1%.

Amidst stable growth of the economy and trade of the PRC, the throughput of coastal ports was estimated to reach 8 billion tonnes in 2014, representing an increase of approximately 5.7% as compared with 2013. Affected by the significant decrease in international commodity prices, China's imports of iron ores and oils increased significantly which constitutes an important factor driving up the throughput of coastal ports.

Sources: National Bureau of Statistics and the China Port (中國港口) magazine

(2) Overview of Port Coal Industry in the PRC

In terms of throughput, coal and its products are the largest category of cargoes of coastal ports in China, which recorded an increase of approximately 1% as compared with 2013.

During 2014, the total energy consumption reached 4.26 billion tonnes of standard coal equivalent in China, representing an increase of 2.2% as compared with 2013; while the coal consumption accounting for 66.0% of the total energy consumption, decreased by 2.9%. As Interim Measures for the Quality Management of Commercial Coal were promulgated in the PRC in 2014, imports of low-quality coal were effectively reduced and coal imports of 291.22 million tonnes recorded in January to December, representing a decrease of 10.95% as compared with 2013. The decrease in imports of imported coal resulted in the growth of loading of coal in northern ports by approximately 30 million tonnes, and the throughput of coal in coastal ports maintained positive growth.

Sources: the China Port (中國港口) magazine, National Bureau of Statistics and General Administration of Customs

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

Metal ores are the second largest category of cargoes in coastal ports of the PRC. Due to the global oversupply of metal ores, ore prices decreased significantly. It was distinct that domestically small-sized production of iron ores was substituted by foreign imports. While steel output was maintained, the PRC recorded iron ore imports of 932.51 million tonnes in 2014, representing an increase of 13.8% as compared with 2013.

Source: General Administration of Customs and the China Port (中國港口) magazine

(4) Overview of Port Oil and Liquefied Chemicals, Containers and Other Cargo Industries in the PRC

For 2014, affected by the substantial decrease in international oil prices, oil imports increased significantly in the PRC, which promoted the growth in the oils throughput in coastal ports. For 2014, crude oil imports reached 308.38 million tonnes in the PRC, representing an increase of 9.5% as compared with 2013.

Note: Data of port industry set out in the Industry Overview refers to statistics data of coastal ports above designated size (with annual throughput of no less than 10 million tonnes).

Amidst the recovery of global economy and trade, the international containers throughput in the PRC ports has stepped out of slow growth, while the growth of domestic trade lines and domestic sub-lines throughput slowed down as compared with 17.4% in 2012 and 12.5% in 2013. Based on comprehensive statistics, for 2014, the throughput of containers in ports above designated size in the PRC reached 200.93 million TEUs, representing an increase of 6.1%.

Sources: the China Port (中國港口) magazine and National Bureau of Statistics

(5) Impact of Development Trend of Port Industry in China on the Business Operation of the Group

Benefiting from the rapid growth of port industry in China, in particular, the port industry in Bohai Rim (where the Group is located), the revenue and profit of the Group during 2014 recorded a relatively stable growth.

(II) RESULTS OF OPERATION AND FINANCIAL PERFORMANCE

(1) Revenue

We provide integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargo mainly including coal, metal ores, oil and liquefied chemicals, containers and general cargoes. We also provide value-added services including towing, tallying and coal blending.

During 2014, the revenue of the Group amounted to RMB7,223,103 thousand, representing an increase of RMB33,931 thousand or approximately 0.47% as compared with revenue of RMB7,189,172 thousand in 2013. The increase was mainly attributable to: (1) the stable growth in the throughput of cargoes of the Group during 2014; (2) the adjustment in cargo structures and the impact of application of the increased port handling fees since 1 June 2013 to domestic coal business throughout 2014 resulted in a greater increase in our revenue as compared with the impact of the PRC change of applicable tax policy from business tax to value-added tax since 1 August 2013; and (3) the revenue growth of stacking business in Qinhuangdao Port. The following table sets forth the revenue generated from each type of cargo we serviced:

	For the year ended 31 December					
	2014		2013			
	Revenue (RMB'000)	Percentage of total revenue	Revenue (RMB'000)	Percentage of total revenue	Increase/ (decrease) (RMB'000)	Increase/ (decrease) (%)
Dry bulk	6,450,929	89.31%	6,441,050	89.59%	9,879	0.15
– Coal	5,716,611	79.14%	5,641,292	78.47%	75,319	1.34
– Metal ore	734,318	10.17%	799,758	11.12%	-65,440	-8.18
Oil and liquefied chemicals	109,422	1.51%	127,335	1.77%	-17,913	-14.07
Container	112,975	1.56%	95,702	1.33%	17,273	18.05
General and other cargoes	238,079	3.30%	182,474	2.54%	55,605	30.47
Others	311,698	4.32%	342,611	4.77%	-30,913	-9.02
Total	7,223,103	100%	7,189,172	100%	33,931	0.47

(2) Operating Costs

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

Our operating costs for the Year amounted to RMB4,076,996 thousand, representing an increase of RMB31,277 thousand or 0.77% as compared with RMB4,045,719 thousand in 2013. Such increase was mainly due to (1) the decrease in our power and fuel costs and repair and maintenance expenses of the Group affected by the change of applicable tax policy from business tax to value-added tax; and (2) the significant increase in depreciation and amortization since the investments of the construction projects by Cangzhou Bohai have been gradually transferred as fixed assets.

(3) Gross Profit Margin

For 2014, the gross profit of the Group increased by RMB127,913 thousand to RMB3,110,114 thousand, representing an increase of 4.29% as compared with RMB2,982,201 thousand in 2013. The gross profit margin of the Group was 43.06% for 2014, representing an increase of approximately 1.58% as compared with 41.48% in 2013. The increase was mainly attributable to the greater growth of gross profit than that of revenue for the year.

(4) Segment Analysis (Business Review)

For 2014, the Group achieved a total cargo throughput of 382.09 million tonnes[1], representing an increase of 17.11 million tonnes or approximately 4.69%, as compared with the throughput of 364.98 million tonnes[1] in 2013. The cargo throughput of each type of cargo we handled is set out below:

For the year ended 31 December

	2014		2013			
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Dry bulk[2]	354.78	92.85%	341.35	93.53%	13.43	3.93%
– Coal	245.79	64.33%	243.82	66.81%	1.97	0.81%
– Metal ore	108.99	28.52%	97.53	26.72%	11.46	11.75%
Oil and liquefied chemicals	7.26	1.90%	8.3	2.27%	(1.04)	(12.53)%
Container[3]	9.67	2.53%	7.98	2.19%	1.69	21.18%
General and other cargoes[4]	10.38	2.72%	7.35	2.01%	3.03	41.22%
Total[1]	382.09	100.00%	364.98	100.00%	17.11	4.69%

For 2014, due to our sophisticated management experience, innovative operation model and long-term stable partnership with our customers, the Group recorded a steady growth of cargo throughput of 266.13 million tonnes[5] in Qinhuangdao Port, representing an increase of 2.23 million tonnes or approximately 0.85% from 263.90 million tonnes[5] in 2013. Benefiting from the substantial growth of ore imports, the Group achieved the cargo throughput of 83.84 million tonnes[6] in Caofeidian Port, representing an increase of 15.30 million tonnes or approximately 22.32% from 68.54 million tonnes[6] in 2013. Affected by the restricted berthing capabilities and diversion of cargo resources due to increasingly intensified competition from neighbouring ports, the Group recorded the cargo throughput of 32.12 million tonnes[7] in Huanghua Port, representing a decrease of 0.42 million tonnes or approximately 1.29% from 32.54 million tonnes[7] in 2013. The throughputs generated from each of the ports which we operate are as follows:

	For the year ended 31 December					
	2014		2013			
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Qinhuangdao Port[5]	266.13	69.65%	263.9	72.30%	2.23	0.85%
Caofeidian Port[6]	83.84	21.94%	68.54	18.78%	15.30	22.32%
Huanghua Port[7]	32.12	8.41%	32.54	8.92%	(0.42)	(1.29)%
Total[4]	382.09	100%	364.98	100%	17.11	4.69%

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. For 2014, the Group recorded total dry bulk throughput of 354.78 million tonnes, representing an increase of 3.93% as compared with that of 341.35 million tonnes in 2013.

In respect of coal, the two coal berths renovated by the Group in Qinhuangdao Port were put into trial operation and the Group operated 23 coal berths in 2014. As a result, our coal throughput capacity increased by 1.9 million tonnes, amounting to 194.55 million tonnes in Qinhuangdao Port for 2014. For 2014, the Group achieved a coal throughput of 245.79 million tonnes, representing an increase of 0.81% from 243.82 million tonnes in 2013. The growth in the coal throughput of the Group was mainly due to the following businesses development:

I. Developing and strengthening strategic cooperation: during 2014, the Group entered into strategic cooperation agreements with various large scale coal enterprises and expanded the scope of strategic cooperation with our existing customers so as to improve the capability of the Group in preventing market risks while securing the throughput.

II. Continuing to improve service functions: the Group was committed to provision of customized services. For 2014, the Group further standardized management of the key steps such as dedusting, coal blending and mechanical sampling, thereby enhancing trustiness and satisfaction of our customers.

III. Further optimizing the cargo portfolio: during 2014, as environmental protection criteria were increasingly lifted and relevant policies and regulations were promulgated, the Group proactively promoted coal handling business with low dust and low sulfur so as to increase the transshipping efficiency of the Group's sites.

IV. Improving coordinative operation efficiency by leveraging on cooperation advantages: during 2014, the Group closely cooperated with railway, maritime and pilotage departments to effectively enhance the efficiency of stevedoring and shorten the closure hours of shipping lines. Meanwhile, the Group fully exerted the role of anchorage areas to further improve the efficiency of ship berthing during 2014.

In respect of metal ores, we operate 17 general cargo berths in Qinhuangdao Port, 6 general cargo berths in Huanghua Port, and 4 ore berths and 2 general bulk berths in Caofeidian Port through our associate company, Caofeidian Shiye. Most of these berths (except for designated berths such as grain berths) are also able to handle metal ores. In addition, the two 200,000-tonne ore berths constructed by us in Huanghua Port are expected to be put into a trial run in the second half of 2015. During 2014, due to the sustained growth of demand for iron ores in the PRC and the significant decrease in spot prices of international iron ores, the iron ore imports in the PRC surged significantly. Benefiting from such trend, the Group achieved a total metal ores throughput of 108.99 million tonnes in 2014, representing a growth of 11.75% from 97.53 million tonnes in 2013.

(ii) Oil and liquefied chemicals handling services

We operate 4 crude oil berths, 1 refined oil berth and 2 liquefied chemical berths in Qinhuangdao Port. For 2014, the Group recorded a total oil and liquefied chemical throughput of 7.26 million tonnes, representing a decrease of 12.53% from 8.30 million tonnes in 2013. Such decrease was mainly due to the decrease in the quantity of cargo sources of oil transportation resulting from the decrease in output of oil producers and the adjustment in the transportation mode.

(iii) Container services

We provide stevedoring and depot services to container shipping companies engaged in both international and domestic container trade. We operate 3 and 4 berths in Qinhuangdao Port and Huanghua Port respectively, which may handle containers.

Leveraging on the in-depth understanding of our customers' needs and our strengths in respect of containers operation quality and efficiency, as well as successive services, we successfully captured the market development in 2014. In addition, the Group achieved better results in respect of "dry bulk & general cargoes to containers" reform, expansion of imported cargo resources and stability and development of shipping lines in 2014. Benefiting from such trend, for 2014, the Group recorded a total container throughput of 728,014 TEUs, equivalent to the throughput of 9.67 million tonnes, representing significant increases in number of containers handled and throughput of 109,782 TEUs and 1.69 million tonnes (i.e. approximately 17.76% and 21.18%, respectively) as compared with the number of containers handled and throughput of 618,232 TEUs and 7.98 million tonnes in 2013, respectively.

(iv) Handling of general cargoes

We operate 17 general cargo berths in Qinhuangdao Port and 6 general cargo berths in Huanghua Port, which can be used for handling general cargoes. Our associate company, Caofeidian Shiye, operates 2 general cargo berths in Caofeidian Port. Benefiting from our regionally comparative advantages, we successfully expanded our market share and increased the transshipment volume of general cargoes by developing our new cargo resources while maintaining our existing general cargo resources in 2014. For 2014, the Group recorded a total throughput of general and other cargoes of 10.38 million tonnes, representing an increase of 41.22% from 7.35 million tonnes in 2013.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. For 2014, our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services; our value-added services mainly include towing, tallying, coal blending and other services, as well as tariff-free warehouse and export supervisory warehouse services to be provided in near future. During 2014, we strive to improve our service quality and to cater for our customers' needs with a view to increase customers' satisfaction. During 2014, the Group attached great importance to the development of coal blending business. We recorded coal blending of 32.3 million tonnes during 2014, representing an increase of 59.7% as compared to 2013 (20.2 million tonnes).

Notes:

1. Throughput includes that of Caofeidian Shiye, which operates terminals in Caofeidian Port and is a non-consolidated associate company of, and 35% owned by the Company. The Company is the largest shareholder of Caofeidian Shiye. For 2014, the throughput of Caofeidian Shiye was 83.84 million tonnes, consisting of 3.80 million tonnes of coal, 79.90 million tonnes of metal ores and 0.14 million tonnes of general cargoes.
2. The dry bulk cargoes we handle mainly consist of coal and metal ores.
3. For 2014, using TEU as the measuring unit, our containers throughput was 728,014 TEUs.
4. General and other cargoes include grain, fertiliser and other cargoes.
5. Includes containers throughput. Using TEU as the measuring unit, our containers throughput in Qinhuangdao Port was 414,025 TEUs for 2014.
6. Representing throughput from Caofeidian Shiye.
7. Includes containers throughput. Using TEU as the measuring unit, our containers throughput in Huanghua Port was 313,989 TEUs for 2014.

(5) Administrative Expenses and Selling Expenses

For 2014, our total administrative expenses and selling expenses amounted to RMB873,161 thousand, representing an increase of RMB52,661 thousand or approximately 6.42% as compared with the administrative expenses and selling expenses in 2013 (RMB820,500 thousand). The increase was mainly attributable to the increase in labor costs due to inflation and competition in technician recruitment of the port industry, resulting in an increase in administrative expenses.

(6) Financial Costs

For 2014, our financial costs amounted to RMB333,804 thousand, representing an increase of RMB2,683 thousand or approximately 0.81% as compared with the financial costs in 2013 (RMB331,121 thousand). The increase was mainly attributable to (1) the net exchange gains of the Company due to foreign exchange rate fluctuation; and (2) the investments of the construction projects by Cangzhou Bohai have been gradually transferred as fixed assets, interest on borrowings ceased to be capitalised, which results in an increase in our financial costs.

(7) Investment Income

For 2014, our investment income amounted to RMB237,154 thousand, representing an increase of RMB79,663 thousand or approximately 50.58% as compared with the investment income in 2013 (RMB157,491 thousand). The increase was mainly attributable to (1) the investment income accounted for under the equity method of Caofeidian Shiye, an associate company of the Group, acknowledged a year-on-year increase; and (2) a year-on-year increase in distribution from SDIC Caofeidian Port Co., Ltd., an investee company of the Group.

(8) Net Non-operating Revenue and Expenses

For 2014, our net non-operating revenue and expenses amounted to RMB402,884 thousand, representing an increase of RMB162,161 thousand or approximately 67.36% as compared with net non-operating revenue and expenses in 2013 (RMB240,723 thousand). The increase was mainly attributable to: (1) the Company received an initial compensation of RMB350,000 thousand for staff settlement involved in the closure of our coal stevedoring operation in the west port area, resulting in a year-on-year increase in non-operating revenue; (2) Cangzhou Bohai received a government subsidy of RMB294,843 thousand for the transfer of public infrastructure last year, leading to a year-on-year decrease in non-operating revenue; and (3) recognisation of a year-on-year increase of RMB51,535 thousand in government subsidies in relation to container business and retrofitting of contingency coal storage depot.

(9) Income Tax Expense

Income tax expense of the Group increased by RMB160,757 thousand to RMB580,077 thousand for the Year from RMB419,320 thousand in 2013, and the effective income tax rate of the Group increased to 22.68% for 2014 from 19.09% for 2013. Such increase was mainly attributable to the decrease in income tax expense of the Group in 2013 as a result of the setoff of taxations with partial loss incurred in disposal of property, plant and equipment in the previous financial years by Cangzhou Bohai as permitted by local tax authority in June 2013.

(10) Net Profit

Net profit of the Group in 2014 amounted to RMB1,977,306 thousand, representing an increase of RMB200,640 thousand or 11.29% as compared with our net profit in 2013 (RMB1,776,666 thousand). Our net profit attributable to owners of the parent company for 2014 amounted to RMB1,980,145 thousand, representing an increase of RMB215,783 thousand or 12.23% as compared with that of RMB1,764,362 thousand in 2013.

For 2014, net profit margin of the Group was approximately 27.37%, representing an increase of 2.66% from approximately 24.71% in 2013.

(11) Earnings Per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent company for 2014 by the weighted average number of ordinary Shares in issue during 2014. Earnings per Share of the Group for 2014 amounted to RMB0.39, representing a decrease of 4.88% from RMB0.41 for 2013. Please refer to Note V. 43 to the financial statements of this annual report for the calculation of earnings per Share.

(12) Capital Structure, Cash Flows and Financial Resources

The Group's funds are mainly used for investment, operating costs, construction of berths and repayment of loans. The Group primarily relied on funds generated from operations and bank loans for our working capital requirement.

During 2014, net cash inflows of the Group amounted to RMB-2,635,117 thousand, representing a decrease of approximately RMB4,729,586 thousand as compared with the net cash inflows in 2013 (RMB2,094,469 thousand). Such decrease was mainly resulted from that the Group received cash proceeds from the Global Offering of RMB3,453,528 thousand in 2013, as well as the dividends distribution and payment of terminal construction fees in 2014.

During 2014, net cash inflow generated from operating activities was RMB2,983,811 thousand, representing an increase of RMB114,616 thousand or 3.99% as compared with the net cash inflows in 2013 (RMB2,869,195 thousand). Such increase was mainly attributable to the sum of cash inflows from sales of goods and provision of services during 2014 and the initial compensation received for staff settlement issues involved in the closure of our coal stevedoring operation in the west port area exceeded the increase in payment to employees and taxes.

During 2014, the net cash inflows from investing activities was RMB-3,172,428 thousand, representing a decrease of RMB927,597 thousand or 41.32% from RMB-2,244,831 thousand in 2013. Such decrease was mainly attributable to: (1) the payment of terminal construction fees by the Group for 2014; (2) equity investments conducted by the Group; and (3) the Group received a government grant for the transfer of public infrastructure in 2013.

During the Year, the net cash inflow from financing activities was RMB-2,479,954 thousand, representing a decrease of RMB3,967,002 thousand or 266.77% from RMB1,487,048 thousand in 2013. Such decrease was mainly because the Group received cash proceeds from the Global Offering of RMB3,453,528 thousand in 2013.

Due to the above reasons, the Group held a balance of cash and cash equivalents of approximately RMB2,902,240 thousand for 2014, representing a decrease of RMB2,635,117 thousand or 47.59% from RMB5,537,357 thousand in 2013.

As at 31 December 2014, the gearing ratio (total liabilities divided by total assets) of the Group was 52.31%, decreased by 3.07% as compared with the gearing ratio of 55.38% as at 31 December 2013, which was mainly attributable to the significant decrease in construction fee payables and the increase in owners' equity.

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

	31 December 2014 RMB'000	31 December 2013 RMB'000
Net cash flows generated from operating activities	2,983,811	2,869,195
Net cash flows generated from investing activities	-3,172,428	-2,244,831
Net cash flows generated from financing activities	-2,479,954	1,487,048
Net increase in cash and cash equivalents	-2,635,117	2,094,469
Cash and cash equivalents at the beginning of year	5,537,357	3,442,887
Cash and cash equivalents at the end of year	2,902,240	5,537,357
Loans	11,010,089	10,763,459
Gearing ratio	52.31%	55.38%

(13) Exchange Rate Risks

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

(14) Management of Working Capital

	31 December 2014	31 December 2013
Current ratio	0.70	0.76
Quick ratio	0.63	0.74
Turnover days of trade receivables	10.04	8.80
Turnover days of trade payables	9.57	8.02

As at 31 December 2014, current ratio of the Group was 0.70, representing a decline as compared with the current ratio of 0.76 as at 31 December 2013. The decline was mainly due to repayment of bank borrowings, payment of construction fees and funds used in foreign investment with currency funds during 2014. The turnover days of trade receivables for 2014 were 10.04 days, representing an increase of 1.24 days as compared with the turnover days of trade receivables of 8.80 days for 2013; whereas the turnover days of trade payables for 2014 were 9.57 days, representing an increase of 1.55 days as compared with the turnover days of trade payables of 8.02 days for 2013.

(15) Overview of Major Investments

During 2014, the Group made the following substantial acquisitions or investments regarding its subsidiaries or associated companies:

(1) On 11 April 2014, the Company entered into the Articles of Association (the "**Articles of HPG Finance**") with HPG, the Controlling Shareholder of the Company, for the establishment of HPG Finance, a joint venture. According to the Articles of HPG Finance, the total registered capital of HPG Finance is RMB500 million, among which, RMB200 million and RMB300 million were contributed by the Company and HPG, respectively, representing 40% and 60% of the total registered capital of HPG Finance. HPG Finance was established on 10 July 2014;

(2) On 15 April 2014, the Group entered into the Cooperation Agreement of the Sixth Coal Terminal Project of 50 Million Tonnes in Tangshan Caofeidian Port Area (《唐山曹妃甸港區第六個5,000萬噸煤炭碼頭項目合作協議書》), with Tangshan Caofeidian Port Co., Ltd. (唐山曹妃甸港口有限公司), and agreed to establish a project company for the construction of the sixth 50-million tonnes coal terminal project in Tangshan Caofeidian Port area. The initial registered capital of the project company was RMB50 million, of which RMB49.50 million was paid by the Group. 99% of equity interests in the project company were held by the Group. The project company was established on 7 August 2014;

(3) On 22 April 2014, the Group entered into the Cooperation Agreement of the Crude Oil Terminal Project in the Bulk Cargo Area of Huanghua Port (《黃驊港散貨港區原油碼頭項目合作協議書》) with Cangzhou Port Group Ltd. (滄州港務集團有限公司), and agreed to establish a project company for the construction of the crude oil berth project in the bulk cargo area of Huanghua Port. The initial registered capital of the project company was RMB50 million of which RMB32.50 million was paid by the Group, holding 65% of its interest. The project company was established on 25 April 2014; and

(4) On 7 August 2014, the Company entered into the Joint Venture Contract of Bohai Jin-Ji Port Investment and Development Company Limited (《渤海津冀港口投資發展有限公司合資經營合同》) (the "**JV Contract**") with Tianjin Port Group, for the establishment of Bohai Port Investment. Pursuant to the requirements of the JV Contract, the total registered capital of Bohai Port Investment was RMB2 billion. Each of the Group and Tianjin Port Group contributed RMB1 billion, representing 50% of the total registered capital of Bohai Port Investment, respectively. Bohai Port Investment was established on 8 August 2014.

(III) PROSPECTS

The Group is committed to becoming a world leading port operator and comprehensive logistical service provider. The Group intends to pursue the following strategies to capture future growth opportunities and consolidate the Group's leading position:

I. The Group will proceed with relevant optimizations and rectifications in regard to source structure of coal, strategic cooperation, service offerings and other aspects:

(1) Adhering to the development direction of "Qinhuangdao Port-Caofeidian Port integration" and pursuant to the efficiency first principle, the Group will adjust the type structure of coal in due course according to the working conditions at Qinhuangdao Port and Caofeidian Port and the actual situation of each coal company, so as to guarantee the overall turnaround efficiency. Also, the Group will adhere to "Liucun South-Qindong integration" and gradually accomplish the transfer of small and medium types of coal from Liucun South to Qindong, with a view of ensuring that Liucun South lead in terms of efficiency and Qindong be supplied with adequate source of coal.

(2) Guided by the direction of promoting extensive and low-sulphur sources and according to the principle of matching scale of cargo source with throughput capacity, the Group will reasonably adjust cargo sources from various companies to improve its space utilization rate as well as the overall transshipment rate. Meanwhile, more efforts would be devoted to coal blending business in order to increase the overall transshipment volume of coal at the Port.

(3) The Group will keep on strengthening long-term strategic cooperation with customers and continually increase the proportion of coal under long-term contract in the total volume of seaborne coal, so as to further enhance the Group's transshipment volume of coal.

(4) The Group will strive to improve unloading efficiency, leverage the relatively low-freight rate advantage of railway transportation and attract and maintain new sources with strength in shipment with a view to guarantee the overall orderly and sufficient availability of sources, and grant priority to shippers maintaining a considerable shipment volume in the neighboring ports.

(5) The Group aims to perfect its service offerings and improve the standards of services, so as to enhance the competitiveness of its services. In this connection, the Group is committed to ensure the quality of its services including coal blending, mechanized sampling and coal sprinkling, and to further standardize the operation of coal blending, mechanized sampling and scientific coal sprinkling, with a view of further enhancing customer's confidence and satisfaction on us.

II. Following the completion of the renovation project of "relocation of the western port", the Group will take full advantage of the standardized equipment and facilities as well as service platform for the eastward expansion of the port to strengthen the mechanism of cargo collection, perfect the management system, intensify the service concept and facilitate the growth in throughput of general cargoes and containers.

III. We will deepen our refined management on business soliciting and production planning. Through judging the market trend of main cargo sources of our Group, we will refine the specific conditions of various categories of cargoes and their owners, endeavor to expand advantages in the competitive position for local logistics sources, concentrate on several selected kinds of cargoes, form our own characteristic and implement refined management on the operation processes of handling by single vessel as well as the operation processes of cargo collection and distribution. Meanwhile, the Group will, based on an accurate knowledge of operation information of the whole process, achieve good inter-connection among trucks, vessels and cargoes and reasonable deployment of space and positions, optimize production planning and operation process, in order to improve operational efficiency and service quality.

IV. The Group intends to optimize stevedoring process by streamlining the operation process and arranging machinery and manpower in advance, planning preparatory work before operation and reducing non-production operation hours, so as to improve productivity and operational efficiency.

V. The Group proposes to further intensify awareness of service, and strive to provide better services to each of our customers. The Group will regularly solicit opinions and suggestions from customers, analyze problems found in quality management in a prudent manner and take improvement of efficiency and service as the central task of quality management.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company during the period from 1 January 2014 to 31 December 2014.

CORPORATE GOVERNANCE

The Group is committed to maintaining high level of corporate governance. The Board is responsible for the implementation of corporate governance, including: (a) formulating, developing and reviewing the corporate governance policies and practices of the Company; (b) reviewing and supervising the training and continuous professional development of the Directors and senior management; (c) reviewing and supervising the policies and practices for the compliance of laws and regulatory requirements by the Company; (d) developing, reviewing and supervising the code of conduct and compliance manual, if any, for employees and the Directors; and (e) reviewing the compliance of the Corporate Governance Code by the Company and the disclosure in the corporate governance report. In the past year, actions and measures were taken by the Board to improve the corporate governance gradually and further strengthen the construction of the Company's corporate governance system. The Board believes that an effective corporate governance system can safeguard the interests of the Shareholders and promote the value and accountability of the Company.

The Company has adopted the code provisions of the Corporate Governance Code which were applicable to the Company during the Year. Save for the deviations disclosed in this report with reasons explained for the deviations, the Company has complied with the code provisions set out in the Corporate Governance Code during the Year.

The Board will continue to review and improve its corporate governance system to ensure the compliance of the Corporate Governance Code.

BOARD

Duties and Division of Responsibility

The Board shall act in the interests of all the Shareholders and shall be accountable to the Shareholders' general meeting. The Board shall mainly be responsible for: implementing the resolutions of the Shareholders' general meeting; determining the operation plan and investment program of the Company; formulating the annual financial budget plan and final accounting plan of the Company; formulating the profit distribution plan of the Company; determining the establishment of internal management bodies and formulating the basic management system of the Company. The Company has established four special committees under the Board to oversee specific matters of the Company, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee. The Board has delegated relevant duties to the respective committees, which are contained in the terms of reference of the relevant committees. Besides, the management of the Company will provide sufficient consultation to the Board and the Board committees when appropriate to facilitate the Directors in making informed decision.

Chairman of the Board and Chief Executive Officer

The Board is responsible for decision making on important matters of the Company and the management is authorised to manage the daily operation of the Company. The Company does not have the position of chief executive officer, whose duties are performed by the general manager. During the Year, Mr. Xing Luzhen and Mr. He Shanqi (resigned on 22 August 2014) and Mr. Tian Yunshan (appointed on 22 August 2014) are the chairman of the Board and the general manager of the Company, respectively. The chairman of the Board and the general manager of the Company have clear division of duties. The chairman of the Board shall oversee the work of the Board and monitor the implementation of the resolutions adopted by the Board and the general manager shall coordinate the operation of the business of the Company under the supervision of the Board. Therefore, the Company has complied with Code A.2.1 of the Corporate Governance Code. Save as disclosed in the section "Biographical Details of Directors, Supervisors and Senior Management" in this annual report, there is no financial, business, family or other important relationship between the Directors, the chairman of the Board and the general manager.

Composition of the Board

During the Year, the Board comprised 11 Directors, including four executive Directors, Mr. Xing Luzhen (chairman), Mr. He Shanqi (general manager), Mr. Wang Lubiao and Mr. Ma Xiping, three non-executive Directors, Mr. Zhao Ke, Mr. Zheng Yunming (resigned on 6 June 2014), Mr. Li Jianping (appointed on 6 June 2014) and Mr. Duan Gaosheng, and four independent non-executive Directors, Mr. Hong Shanxiang (resigned on 6 June 2014), Mr. Shi Rongyao, Ms. Yu Shulian, Mr. Zhao Zhen (appointed on 6 June 2014) and Mr. Li Man Choi. The particulars of the Directors are set out in the section "Biographical Details of Directors, Supervisors and Senior Management" in this report.

During the Year, the Board had complied with the requirement of Rule 3.10 (1) and 3.10 (2) of the Listing Rules to have not less than three independent non-executive Directors, including at least an independent non-executive Director who has the relevant professional qualification or is an expert in accounting or financial management. Besides, in accordance with Rule 3.10A of the Listing Rules, not less than one third of the Directors shall be independent non-executive Directors. The Company currently have and had four independent non-executive Directors during the Year, representing four eleventh of the total number of Directors and was in compliance with relevant requirement.

In accordance with the Articles of Association, the Directors (including non-executive Directors) shall have a term of office of three years from the date of passing the resolution of the Shareholders' general meeting till the expiration of term of office of the Board. The Directors are eligible for re-election upon the expiration of term of office, provided that no independent non-executive Director shall serve consecutive terms for more than six years.

Positions in Other Companies Held by Directors

Save as otherwise disclosed in this annual report, none of the Directors hold any directorship in other listed companies.

Time Commitment of Directors

In addition to attending formal meetings, the Directors shall also review reports of the management and regular reports of the Company, inspect the operation of the Company and understand all matters of the Company through various channels so as to effectively perform their duties. After making particular enquiries, the Board is of the view that the Directors have devoted sufficient time and efforts to perform their duties.

Training and Professional Development of Directors

During the Year, all Directors have received trainings in the written form or by participating in seminars. The trainings were mainly about (i) the obligations of compliance with the Listing Rules by the directors, supervisors and senior management of companies listed in Hong Kong; and (ii) the compliance requirement for connected transaction of listed companies under the Listing Rules.

The Directors will be updated with the latest developments in legal and regulatory requirements and the operation of the Company to facilitate the performance of their duties. Training will also be provided for the Directors when necessary to ensure that the Directors understand the business and operation of the Group and their duties and obligations under the Listing Rules and the applicable laws and regulations.

Meetings of the Board

According to the Articles of Association, the Board shall conduct at least four regular meetings per year, i.e. a meeting in each quarter. Written notice of regular Board meetings shall be delivered to all Directors and Supervisors 14 days before the meeting. Written notice of ad hoc Board meetings shall be delivered three days before the meeting. Notice of meeting shall contain the date, venue and duration of the meeting, matters and resolutions to be considered and the date of the notice. Unless otherwise specified by the Articles of Association, more than half of the number of Directors shall form a quorum of a Board meeting. A Director who is unable to attend Board meeting may appoint another Director to attend on his behalf as a proxy by a power of attorney which shall contain the name and capacity of the proxy and the scope and duration of the appointment. No Director shall vote on any resolution for himself or on behalf of other Directors if he has interest in the parties or matters in relation to the resolution. An ad hoc Board meeting may be conducted by video conferencing, telephone conferencing and by written resolution. Any Director who fails to attend a Board meeting in person or by proxy shall be deemed to have waived his voting rights. The Board shall prepare minutes of Board meetings to record the matters resolved. The minutes shall be initialed by all Directors who have attended the meeting and the person who has prepared the minutes.

All Directors are provided with all relevant information of matters to be discussed in the Board meetings in a timely manner, and they may seek independent professional advice and services from the company secretary and senior management of the Company. Upon reasonable request to the Board, the Directors may seek independent professional advice, as and when necessary, at the Company's expenses.

During the Year, Directors convened four regular meetings on 28 March 2014, 22 August 2014, 22 October 2014 and 30 December 2014 respectively, and 2 extraordinary meetings on 6 June 2014 and 1 August 2014 respectively, at which resolutions regarding the 2013 annual results, the 2014 interim results, connected transactions and changes in Directors and senior management were considered.

The attendance record of Directors at the Board meetings convened during the Year is as follows:

Name	Number of meetings attended/ Number of meetings held during Directors' term of office	Number of meetings attended by entrusting other Directors	Attendance rate
Executive Directors			
– Xing Luzhen *(chairman)*	5/6	1	100%
– He Shanqi	6/6	–	100%
– Wang Lubiao	6/6	–	–
– Ma Xiping	6/6	–	–
Non-executive Directors			
– Zhao Ke	5/6	1	100%
– Zheng Yunming (resigned as a Director on 6 June 2014)	0/1	1	100%
– Li Jianping (appointed as a Director on 6 June 2014)	5/5	–	100%
– Duan Gaosheng	4/6	2	100%
Independent non-executive Directors			
– Hong Shanxiang (resigned as a Director on 6 June 2014)	1/1	–	100%
– Shi Rongyao	5/6	1	100%
– Yu Shulian	6/6	–	100%
– Zhao Zhen (appointed as a Director on 6 June 2014)	5/5	–	100%
– Li Man Choi	6/6	–	100%

During the Year, the Company held one Shareholders' general meeting. The attendance record of Directors at the Shareholders' general meeting during the Reporting Period is as follows:

Name	Number of Shareholders' general meetings attended/Number of Shareholders' general meetings held during Directors' term of office in the Year	Attendance rate
Executive Directors		
– Xing Luzhen *(chairman)*	1/1	100%
– He Shanqi	1/1	100%
– Wang Lubiao	0/1	–
– Ma Xiping	1/1	–
Non-executive Directors		
– Zhao Ke	1/1	100%
– Zheng Yunming (resigned as a Director on 6 June 2014)	0/1	0%
– Li Jianping (appointed as a Director on 6 June 2014)	–	–
– Duan Gaosheng	1/1	100%
Independent non-executive Directors		
– Hong Shanxiang (resigned as a Director on 6 June 2014)	0/1	0%
– Shi Rongyao	0/1	0%
– Yu Shulian	0/1	0%
– Zhao Zhen (appointed as a Director on 6 June 2014)	–	–
– Li Man Choi	1/1	100%

Zheng Yunming, Hong Shanxiang, Shi Rongyao and Yu Shulian were absent from the Shareholders' general meeting of the Company due to other business commitments.

Board Committees

The Board has four committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

During the Year, the attendance record of Directors at each Board committee is as follows:

	Number of meetings attended/Number of meetings held during Directors' term of office in the Year			
Name	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee
Executive Directors				
– Xing Luzhen *(chairman)*	–	–	–	
– He Shanqi	–	1/1	–	
– Wang Lubiao	–	–	–	
– Ma Xiping	–	–	–	–
Non-executive Directors				
– Zhao Ke	–	–	–	–
– Zheng Yunming (resigned as a Director on 6 June 2014)	–	–	1/1	–
– Li Jianping (appointed as a Director on 6 June 2014)	–	–		–
– Duan Gaosheng	0/3	–	–	
Independent non-executive Directors				
– Hong Shanxiang (resigned as a Director on 6 June 2014)	–	–	1/1	
– Shi Rongyao	–	1/1	–	
– Yu Shulian	3/3	1/1	1/1	
– Zhao Zhen (appointed as a Director on 6 June 2014)	–			
– Li Man Choi	3/3	–	–	–

Audit Committee

The major responsibilities of the Audit Committee are (1) to propose the appointment, re-appointment or termination of external auditing firm; (2) to review and supervise the independence and objectiveness of the external auditors and the effectiveness of the audit process in accordance with applicable standards; (3) to review the financial information of the Company and its disclosure; (4) to supervise the financial reporting system and internal control system of the Company; and (5) to enhance the communication between the internal and external auditors. The terms of reference of the audit committee are posted on the websites of the Company and the Stock Exchange.

The Audit Committee comprises three Directors, including Ms. Yu Shulian, Mr. Duan Gaosheng and Mr. Li Man Choi during the Year. Ms. Yu Shulian, the independent non-executive Director, acts as chairman of the committee. All members of the Audit Committee are non-executive Directors and Ms. Yu Shulian and Mr. Li Man Choi are independent non-executive Directors.

During the Year, the Audit Committee convened 3 meetings on 27 March 2014, 9 July 2014 and 22 August 2014, respectively to review the financial results of the Group for year ended 31 December 2013 and for the six months ended 30 June 2014 before the same were submitted to the Board.

The Audit Committee has reviewed and confirmed the audited consolidated financial statements in this annual report and has discussed with the management on the financial statements and the internal control of the Company. The Audit Committee is of the view that these financial statements are prepared in accordance with the applicable accounting standards and requirements and the disclosure is adequate.

Remuneration and Appraisal Committee

The major responsibilities of the Remuneration and Appraisal Committee are (1) to review the remuneration packages and policies of all Directors and senior management and propose a formal and transparent remuneration policy determination procedure for approval by the Board; (2) to review the policy and structure of the remuneration of Directors, Supervisors and senior management (including non-monetary benefits, pension and allowance) and the procedure of the determination of remuneration policy and to make recommendations to the Board on a formal and transparent remuneration policy determination procedure; (3) to propose to the Board on the remuneration of non-executive Directors; (4) to review and approve the compensation for Directors who are dismissed or removed due to misconduct so as to ensure that the compensation is in compliance with the contract terms or reasonable and appropriate if not in compliance with the contract terms; and (5) to monitor the implementation of the remuneration policy for Directors, Supervisors and senior management. The terms of reference of the Remuneration and Appraisal Committee are posted on the websites of the Company and the Stock Exchange.

The Remuneration and Appraisal Committee comprises three Directors, including independent non-executive Directors Mr. Shi Rongyao and Ms. Yu Shulian, and executive Director Mr. He Shanqi during the Year. Independent non-executive Directors represent a majority in the committee. Mr. Shi Rongyao, an independent non-executive Director, acts as chairman of the committee.

During the Year, the Remuneration and Appraisal Committee held one meeting on 27 March 2014 to review the remuneration packages of the Directors and senior management.

In accordance with paragraph B.1.5 of the Corporate Governance Code, the remunerations of the senior management by remuneration band for the year ended 31 December 2014 are set out below:

No.(notes)	Remuneration band (RMB)	Numbers of persons
1	0 – 500,000	17
2	500,001 – 1,000,000	8
3	1,000,001 – 1,500,000	0

Notes:

No.1 includes 10 Directors and 6 Supervisors and 1 member of the senior management;
No.2 includes 3 Directors, 2 Supervisors and 3 members of the senior management;
No.3 includes 0 Director, 0 Supervisor and 0 member of the senior management.

Further details of the remunerations of the Directors and the five highest-paid employees as required by the Appendix 16 to the Listing Rules are disclosed in Note XIII. 3 to 4 to the financial statements for the Year.

Nomination Committee

The major responsibilities of the Nomination Committee are (1) to review the criteria and procedure for selection of Directors and senior management, and the structure, number of members, composition and diversification (including but not limited to gender, age, cultural and educational background, professional experience, skill, knowledge and term of office) of the Board or senior management once a year and to propose changes to the Board or senior management for implementation of the Company's strategy; (2) to identify, select and nominate candidates for Director or senior management for approval by the Board or to advise the Board on the selection of Director candidates. The committee shall consider the merits and assessable quality of the candidates and the diversification of the Board and the senior management; (3) to advise the Board on the appointment, re-appointment and succession of Directors and senior management on consideration of the strategy of the Company and the skill, knowledge, experience and diversification requirements; (4) to review the Diversified Membership Policy of the Board and assess the effectiveness and progress of its implementation and to disclose in the annual corporate governance report; (5) to review the independence of the independent non-executive Directors; and (6) to perform other duties delegated by the Board. The terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange.

The Nomination Committee comprises three Directors, including independent non-executive Directors Mr. Zhao Zhen (appointed on 6 June 2014 to replace Mr. Hong Shanxiang, an independent non-executive) and Ms. Yu Shulian, and non-executive Director Mr. Li Jianping (appointed on 6 June 2014 to replace Mr. Cheng Yunming, a non-executive Director) during the Year. The independent non-executive Directors represent a majority in the committee. Mr. Zhao Zheng, an independent non-executive Director, acts as chairman of the committee.

During the Year, the Nomination Committee has mainly performed the following work: to assess and advise the Board on suitability of the nominees who was nominated as the Directors, Supervisors and senior management of the Company during the Year, and review the composition of the Board in accordance with the requirement of the Diversified Membership Policy of the Board. The Nomination Committee has held one meeting in total and all members attended the meeting.

During the Year, the Nomination Committee held one meeting on 27 March 2014 to finish the work above.

Strategy Committee

The major responsibilities of the Strategy Committee are (1) to research and advise on the long term development strategy of the Company; (2) to review and advise on major investment and financing plans to be approved by the Board as required by the Articles of Association; (3) to review and advise on major capital operation and asset operation to be approved by the Board as required by the Articles of Association; (4) to review and advise on other significant matters affecting the development of the Company; (5) to inspect the implementation of the above matters; and (6) to perform other duties delegated by the Board. The terms of reference of the Strategy Committee are posted on the websites of the Company and the Stock Exchange.

The Strategy Committee comprises five Directors, including two executive Directors, one non-executive Director and two independent non-executive Directors during the Year, namely Mr. Xing Luzhen, chairman of the Board, Mr. He Shanqi, general manager, Mr. Duan Gaosheng, Mr. Zhao Zhen (appointed on 6 June 2014 to replace Mr. Hong Shanxiang) and Mr. Shi Rongyao. Mr. Xing Luzhen, chairman of the Board, acts as chairman of the committee.

Diversification of the Board

In accordance with the board member diversification requirement of the Listing Rules, the Board has adopted the Diversified Membership Policy of the Board. The Nomination Committee has reviewed the composition of the Board in accordance with the Listing Rules and concluded that the composition of the Board is in compliance with the diversification requirements of the Listing Rules in terms of age, education background, industry experience, geographical location and duration of service. Members of the Board are set out in the following table:

Name	Age	Education	Industry experience	Location	Duration of service (since)
Executive Directors					
– Xing Luzhen *(chairman)*	59	University graduate	Transportation, port operation	Hebei, China	March 2008
– He Shanqi	59	Master	Port operation	Hebei, China	April 2012
– Wang Lubiao	51	Master	Port operation	Hebei, China	April 2012
– Ma Xiping	46	Master	Port operation	Hebei, China	July 2013
Non-executive Directors					
– Zhao Ke	58	Master	Port operation	Hebei, China	March 2008
– Zheng Yuming (resigned as a Director on 6 June 2014)	56	University graduate	Civil service	Hebei, China	December 2009
– Li Jianping (appointed as a Director on 6 June 2014)	52	Master	Port investment	Hebei, China	June 2014
– Duan Gaosheng	52	Master	Construction, investment	Hebei, China	March 2008
Independent non-executive Directors					
– Hong Shanxiang (resigned as a Director on 6 June 2014)	73		Transportation	Shanghai, China	April 2012
– Shi Rongyao	64	Master	Civil service	Beijing, China	July 2013
– Yu Shulian	61	Master	Education	Beijing, China	March 2008
– Zhao Zhen (appointed as a Director on 6 June 2014)	48	Master	Law	Beijing, China	June 2014
– Li Man Choi	53	Master	Accounting, audit	Hong Kong	July 2013

DIRECTOR

Appointment and Re-election of Directors

Directors (including non-executive Directors and independent non-executive Directors) shall be elected by the Shareholders' general meeting with a term of office of three years from the date of passing the resolution of the shareholders' general meeting and till the expiration of term of office of the Board. The Directors are eligible for re-election upon the expiration of term of office, provided that no independent non-executive Director shall serve consecutive terms for more than six years.

The chairman and vice chairman of the Board shall be elected and removed by over half of the members of the Board, with a term of office of three years, and may be re-elected upon the expiration of term.

Each of the current Directors has entered into a service contract with the Company to be effective for three years upon approval by Shareholders subject to termination in accordance with the terms of the respective contracts.

None of the Directors has entered or proposed to enter into a service contract with any member of the Group other than those which would be expired within one year or the relevant employer could terminate within one year without the payment of compensation (except statutory compensation).

Nomination of Directors

In accordance with the Articles of Association, the candidates of Directors shall be nominated or recommended by the existing Board or in the form of proposal by the Shareholders separately or jointly holding over 3% of the shares of the Company. The Board shall verify the qualifications and conditions of the candidates of Directors and a written resolution should be proposed at the general meeting of the Shareholders for approval after the candidate of Director is determined by proposal.

Independence of Independent Non-executive Directors

The Company currently has four independent non-executive Directors and none of them has served as independent non-executive Director for more than six years. The number and qualification of the independent non-executive Directors are in compliance with the requirements of the Listing Rules and the Articles of Association. Their independence is highly guaranteed as none of the independent non-executive Directors has any business and financial relationship with the Company or its subsidiaries and has no management function in the Company.

Each of our four independent non-executive Directors has given their written confirmation of their independence in accordance with Rule 3.13 of the Listing Rules. Having confirmed, the Board understand that all current independent non-executive Directors are independent and is in compliance with the requirement of Rule 3.13 of the Listing Rules.

Securities Transaction by Directors and Supervisors

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by the Directors and Supervisors to regulate the securities transactions of the Directors and Supervisors. After specific enquiries, all Directors and Supervisors have confirmed that they have complied with the provisions of the Model Code during the Year.

Directors' Responsibilities on Financial Statements

The Directors have the responsibility to prepare the financial statements for the year ended 31 December 2014 to give a true and fair view of the affairs of the Company and the Group and the results and cash flow of the Group.

According to Code C.1.1 of the Corporate Governance Code, the management shall provide necessary explanation and information to the Board so that the Board can have a preliminary assessment of the financial statements before they are submitted to the Board for approval. The Company will also provide monthly reports on the results, positions and prospects of the Group to all members of the Board.

SHAREHOLDERS AND GENERAL MEETING OF THE SHAREHOLDERS

Particulars of the Controlling Shareholder and the Ultimate Controlling Shareholder

The Controlling Shareholder of the Company is HPG, a state-owned company under the State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province.

The operation of the Company is independent from the Controlling Shareholder of the Company in terms of personnel, organisation, assets and business. The Controlling Shareholder of the Company has not taken any action beyond its authority without approval of the Shareholders at the general meeting and has not directly or indirectly intervened the operation and decision of the Company.

Shareholdings of the substantial shareholders and details of the Non-competition Agreement and Undertaking of the Controlling Shareholder during the Year are set out in the "Report of the Board of Directors" in this report.

Shareholders' General Meeting

The Company is committed to ensure that all Shareholders, in particular the minority Shareholders, are treated equally and are able to exercise all their rights. Shareholders' general meeting is the highest authority of the Company and performs its duties in accordance with all applicable laws.

To safeguard the interests and rights of Shareholders, all major matters shall be proposed as separate resolutions at the general meeting for consideration in accordance with the applicable laws and the Listing Rules. The rights of Shareholders and voting procedures of the general meeting shall be contained in the relevant circular in accordance with the Articles of Association and the Listing Rules, which shall be dispatched to Shareholders within a specified period of time and shall be posted on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Company convened one annual general meeting. For details of proposals and resolutions considered at the meeting, please refer to the relevant announcements posted on the websites of the Stock Exchange and the Company.

CONTROL SYSTEM

Supervisory Committee

The supervisory committee of the Company (the "**Supervisory Committee**") is the supervisory authority of the Company and shall be accountable to the general meeting of the Shareholders. Supervisors shall act independently to protect the legal interests of Shareholders and the Company in accordance with the laws.

The authority and duties of the Supervisory Committee include but not limited to (1) to review the financial statements, business report and profit distribution plan prepared by the Board and may retain certified accountant or certified auditor to review the financial information; (2) to supervise the financial activities of the Company; (3) to demand the rectification of acts of the Directors, general manager and senior management which are against the interests of the Company; and (4) to exercise other power, authority and duties in accordance with the Articles of Association.

The Supervisory Committee currently comprises five members, including three Supervisors elected by the Shareholders (Mr. Nie Yuzhong, Mr. Wang Yashan and Mr. Liu Simang) and two Supervisors elected by employees (Mr. Cao Dong and Mr. Yang Jun). Mr.Nie Yuzhong (appointed on 6 June 2014 to replace Mr. Ge Ying, the Supervisor and chairman of the Supervisory Committee) acts as chairman of the Supervisory Committee. Supervisors who are representatives of the Shareholders shall be elected and removed by Shareholders' general meeting. Supervisors who are representatives of employees shall be elected and removed by employee conference, employee general meeting or other democratic procedures. Each Supervisor shall have a term of three years from the date of approval by Shareholders' general meeting or employee conference subject to termination upon expiry of the session of the Supervisory Committee. Supervisors are eligible for re-election.

Particulars of the Supervisors are set out in the section "Biographical Details of Directors, Supervisors and Senior Management" of this report.

During the Reporting Period, the Supervisory Committee convened regular meetings on 28 March 2014, 6 June 2014 and 2 December 2014 respectively, at which proposals including 2013 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. and Proposal on the Changes of Members of the Supervisory Committee and Proposal on the Election of Chairman of the Supervisory Committee of Qinhuangdao Port Co., Ltd. The work of the Supervisory Committee is set out in the Report of Supervisory Committee in this annual report.

Internal Control

The Board shall have the decision on all operation matters and is committed to establishing and improving the internal control system. It shall also supervise the implementation of the internal control system to safeguard the investment of the Shareholders and the assets of the Group.

The Company has adopted a number of internal control and corporate governance measures since July 2010 to strengthen the systematic management of construction projects and other business operations for better internal control. Some major measures are as follows:

- clear division of the authorities of the general meeting of the Shareholders, the Board, the chairman of the Board and the general manager to avoid the centralisation of authority;

- stringent authority delegation, division and supervision system to ensure the security and proper use of funds;

- collective decision is required for major investment and the proposal, evaluation, decision and implementation procedures are under strict control to minimise investment risks;

- invitation of non-state-owned entities to participate in major projects or services of the Group is under strict control and the Directors and senior management are prohibited to have any paid positions outside the Group;

- to promote the transparency of the management and operation through the implementation of "Three Major One Important" policy so as to prevent the Directors and senior management from fraud and bribe;

- the entire procurement procedure from application, approval, contracting, procurement, inspection and delivery and payment is improved to eliminate any loophole in procurement;

- the size, structure and sources of funding as well as the use of significant amount of fund are also under strict control to minimise finance costs and ensure the efficient use of funds; and

- there are highly regulated procedures for connected transactions to specify the preliminary appraisal by independent Directors before submitting for approval by the Board.

During the Year, the above procedures were effectively implemented. The internal control system was improved to strengthen the risk prevention and internal control capabilities. The Audit Committee will continue to review and evaluate the effectiveness of the internal control system of the Group and to report the findings to the Board. The Board will review and evaluate the internal control system at least once a year to ensure that no material internal control loophole exists.

A self-evaluation report has been prepared by the Board in respect of the internal control matters of the Company during the Reporting Period. The Board has reviewed the control system of the Company and is of the view that during the Reporting Period, such system was effective and the management of the Company should further perfect such system to promote the improvement of its corporate governance.

AUDITORS AND THEIR REMUNERATIONS

Ernst & Young and Ernst & Young Hua Ming LLP were appointed by the Company as the international auditors and the PRC auditors of the Company for 2014, respectively. The appointments shall expire upon conclusion of the annual general meeting. The Board is authorized to determine the remuneration of the auditors which is in line with market practice. As at 12 January 2015, subject to Shareholders' approval at the general meeting, the Company terminated the appointment of Ernst & Young as the international auditors of the Company due to its decision on the preparation of one financial statement according to the Chinese Accounting Standards.

For the year ended 31 December 2014, the fees paid or payable to external auditors for interim review and annual audit services (annual audit services for subsidiaries included) were RMB754.7 thousand and RMB2,830.2 thousand, respectively.

Save as disclosed above, during the Year, the Group did not pay any fee to Ernst & Young and Ernst & Young Hua Ming LLP for non-audit services. The Audit Committee is satisfied that the independence of the auditors is not affected by the non-audit services provided in 2014.

JOINT COMPANY SECRETARIES

The Company has appointed Mr. Zhang Nan and Ms. Kwong Yin Ping Yvonne as joint company secretaries.

Mr. Zhang joined the Company in 2002 and has more than 12 years legal and securities management related experience. He is familiar with the operation of the Board and the Company and is currently the deputy manager of the Board office. As Mr. Zhang does not meet the specific requirement of Rule 3.28 of the Listing Rules to act as company secretary, Ms. Kwong is therefore appointed as joint company secretary of the Company. In accordance with Code F.1.1 of the Corporate Governance Code, Ms. Kwong will work closely with Mr. Zhang and assist Mr. Zhang to perform his duties as a company secretary.

Particulars of Mr. Zhang and Ms. Kwong are set out in the section "Biographical Details of Directors, Supervisor and Senior Management" in this report.

Both of Mr. Zhang and Ms. Kwong have confirmed that they have received not less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules during the Year.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONSHIP

Convening of Extraordinary General Meeting

In accordance with the Articles of Association, the Shareholders of the Company may demand to convene, convene, chair, attend (in person or by proxy) the general meeting of the Shareholders and exercise voting rights thereat.

Shareholders separately or jointly holding not less than 10% Shares in issue with voting rights may demand the convening of extraordinary general meeting in writing. The Company shall promptly convene such meeting after receipt of the demand. The following procedures shall be followed when Shareholders demand the convening of extraordinary general meeting or class shareholders' meeting:

(1) Shareholder(s), separately or jointly, holding in aggregate not less than 10% voting Shares of the Company may sign one or more written requests of the same format and content to demand the Board to convene extraordinary general meeting or class shareholders' meeting with explanation of the purpose of the meeting. Upon receipt of the request, the Board shall convene the extraordinary general meeting or class shareholders' meeting as soon as possible. The number of Shares held by the abovementioned Shareholders shall be based on the number of Shares as of the date on which the Shareholders put forward such written request.

(2) Where the Board fails to issue notice to convening the meeting within 30 days upon receipt of the above written request, Shareholders proposing such request may convene a meeting by their own within four months upon receipt of the request by the Board. The convening procedures shall as much as possible be equivalent to the procedures for meeting convened by the Board.

If Shareholders call and convene a meeting by themselves since the Board fails to convene the meeting in accordance with the aforesaid requirements, the reasonable expenses incurred shall be borne by the Company and be deducted from the amounts due to the Directors who shall be responsible for such dereliction of duty.

Enquiry to the Board

According to the Articles of Association, Shareholders of the Company shall have access to the Articles of Association, the personal particulars of Directors, Supervisors and senior management, minutes of Shareholders' general meetings, Board meetings, meetings of Supervisory Committee and financial statements.

Request for information, materials or enquiry to the Board shall be forwarded to the Company (contacts to whom are set out in the website of the Company). Shareholder is required to provide written proof of his/her holding of Shares in the Company (including the class and number of Shares) for verification when submitting the enquiry.

Proposal at the General Meeting of the Shareholders

Shareholders are entitled to make proposal(s) at the general meeting of the Shareholders by proposing resolution or speaking at the meeting.

Shareholder(s) holding in aggregate 3% of the Shares in the Company may propose additional resolution in writing to the convener 10 days before the meeting. Upon receipt of the proposal, the convener shall issue supplemental notice of meeting to contain the additional resolutions in two days.

Shareholders attending the general meeting of the Shareholders are entitled to speak. Shareholders who require speaking shall make registration before voting.

Amendment of Constitutional Documents

During the Year, the Company amended the Articles of Association in June 2014. For details of the amendments, please refer to the relevant announcements posted on the websites of the Stock Exchange and the Company.

Communication with Investors and Investor Relationship

The Company has established an Investor Relationship Management System to strengthen and regulate the communication between the Company and its investors and potential investors so as to enhance the understanding and recognition of the Company by the investors. The system is also part of the corporate governance of the Company as it protects the legal rights of the investors, in particular the public investors. The Company provides various communication channels for investors, including but not limited to:

(1) announcements, including regular and ad hoc reports;
(2) general meeting of the Shareholders;
(3) website of the Company;
(4) mailing materials;
(5) telephone enquiry;
(6) press interview;
(7) meeting with analysts and briefing of operation results;
(8) advertisement or other promotion materials;
(9) face to face discussion;
(10) on-site visit;
(11) road show;
(12) questionnaire survey; and
(13) others.

CORPORATE GOVERNANCE REPORT

The Company has complied with the disclosure requirement of the place in which the Shares are listed. The disclosure of information is compliant, transparent, sufficient and continuous and allows the Shareholders and investors to have full access to the information of the Company.

The Company has always maintained efficient communication with the Shareholders and investors. The Company strictly complies with the legal disclosure requirement to allow local and overseas investors to have prompt and full access to information of the operation and development of the Company by organising various investor relationship activities. In the future, the Company will maintain regular communication with local and overseas investors through telephone, mail and personal interview. The Company will also voluntarily and promptly disclose information of the Company on the websites of the Stock Exchange and the Company in accordance with the requirement of the Hong Kong Listing Rules. The Company will maintain its good corporate governance reputation by enhancing the transparency of the Company.

Corporate governance is a permanent strategic system of the Company. The Company will further improved its risk management and internal control in accordance with the regulatory requirements of the place in which its Shares are listed and the chances in the capital market as well as the expectation of investors. The Company will continue to review and improve its corporate governance and enhance the transparency of information disclosure to ensure the stable and healthy development of the Company and the continuous increase in Shareholders' value.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this report, the biographical details of Directors, Supervisors and senior management of the Company are as follows:

DIRECTORS

(1) Executive Directors

Mr. XING Luzhen (邢錄珍), aged 60, the chairman of the Board, an executive Director, and the party secretary of our Company. Mr. Xing graduated from the Institute of Chemical Defense of CPLA (中國人民解放軍防化學院) in fundamental theory of party and government in 1997. He has a professional qualification of senior economist. Mr. Xing has more than 25 years of experience in senior management in government institutions and/or major state-owned enterprises and over 15 years of experience in transportation and port industries. In July 2006, Mr. Xing joined QPG, the Controlling Shareholder of our Company, and has served as general manager, deputy party secretary, director and vice chairman. He has served as director, chairman and party secretary of HPG since April 2011. Mr. Xing joined our Company in March 2008 and served as a Director, vice chairman, president and deputy party secretary. Since December 2009, he served as chairman and party secretary of our Company.

Mr. TIAN Yunshan (田雲山), aged 52, was appointed as the general manager of the Company on 22 August 2014 and an executive Director of the Company on 12 January 2015. Mr. Tian is a senior political engineer. He currently serves as an executive Director, general manager and deputy party secretary of the Company. Mr. Tian has good understanding of the business and management of the Company. Starting his career in August 1983, Mr. Tian has served as the chairman of the labor union, deputy party secretary and secretary of the discipline committee of the Sixth Port Branch of Qinhuangdao Port Authority (秦皇島港務局第六港務公司), party secretary, secretary of the discipline committee and manager of the Seventh Port Branch (第七港務分公司) of the Company and an employee supervisor of HPG. In October 2012, Mr. Tian was appointed as the deputy party secretary and secretary of the discipline committee of the Company. He was appointed as the general manager of the Company on 22 August 2014 and an executive Director of the Company on 12 January 2015.

Mr. WANG Lubiao (王錄彪), aged 52, an executive Director, deputy party secretary and secretary of the discipline committee of our Company. Mr. Wang graduated from Northwest Institute of Telecommunication Engineering (西北電訊工程學院) in 1983 with a bachelor's degree in engineering in radio communication and graduated from Yanshan University (燕山大學) in September 2004 with a master's degree of engineering in control engineering. He has a professional qualification of senior engineer. Mr. Wang joined the Qinhuangdao Port Authority (秦皇島港務局) (the predecessor of HPG) in August 1983. He has over 30 years of working experience in port operation. He has served various intermediate and senior management positions for approximately 18 years. In December 2009, Mr. Wang was appointed as the deputy general manager and a member of the party committee of the Company. He was appointed as a Director, deputy general manager and a member of the party committee of the Company in April 2012, and in August 2014, he was appointed as an executive Director, deputy party secretary and secretary of the discipline committee of our Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. MA Xiping (馬喜平), aged 47, an executive Director, deputy general manager, a member of the party committee and the secretary to the Board of our Company. Mr. Ma received a bachelor's degree in law in major of economic law from Renmin University of China (中國人民大學) in 1990, obtained a master's degree in administration in science and engineering from Yanshan University (燕山大學) in 2003, and has a professional qualification of senior economist. Mr. Ma started his career in July 1990 in the Qinhuangdao Port Authority (秦皇島港務局) and now has over 20 years of working experience in port industry. Moreover, he has served various intermediate and senior management positions for approximately 15 years. Mr. Ma was appointed as the deputy general manager and a member of the party committee in April 2012 and he has served as an executive Director since July 2013. He has concurrently served as secretary to the Board since March 2008.

(2) Non-executive Directors

Mr. ZHAO Ke (趙克), aged 59, the vice chairman of the Board and a non-executive Director. Mr. Zhao graduated from Hebei Industrial College (河北工學院) with a bachelor's degree in chemical engineering in 1982 and obtained a master's degree in engineering in transportation planning and management from Dalian Maritime University (大連海事大學) in 2004. Mr. Zhao has a professional qualification of senior engineer and is engaged by HPG as a senior economist. Since 1975, Mr. Zhao joined the Qinhuangdao Port Authority (秦皇島港務局), the predecessor of HPG, and has over 35 years of working experience in port industry. He had served as intermediate and senior management in the port management authority and port enterprises for nearly 20 years. Since July 2009, he has been serving as a director, deputy general manager and a member of the standing committee of the party committee of HPG. Since December 2009, he has been serving as vice chairman and a Director of our Company. In addition, Mr. Zhao has been serving as a director of Daqin Railway Co., Ltd. (大秦鐵路股份有限公司, listed on the Shanghai Stock Exchange in August 2006; stock code: 601006) since May 2011 and as a director of Datong Coal Industry Co., Ltd. (大同煤業股份有限公司, listed on the Shanghai Stock Exchange in June 2006; stock code: 601001) from September 2004 to May 2013.

Mr. LI Jianping (李建平), aged 53, the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). Mr. Li graduated from Yanshan University in 1989, majoring in Electric Drive and Automation. Mr. Li has a master's degree and is a senior electronics engineer. Since 1989, Mr. Li has worked for Qinhuangdao Acrylic Fibre Plant (秦皇島腈綸廠) and served as electric workshops assistant and vice officer, deputy head of equipment and power division, deputy chief engineer of electric professionals and officer of engineer room of production department and deputy factory director and factory director. He has been the chairman, general manager and deputy party secretary of 秦皇島奧萊特腈綸有限公司 since May 2005. He has been the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited since March 2014, and the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) since January 2015.

Mr. DUAN Gaosheng (段高升), aged 53, a non-executive Director. He is also the general manager of Hebei Communications (our Shareholder). Mr. Duan graduated from PLA Military Equipment Engineering College (中國解放軍軍械工程學院) (formerly known as PLA Advanced Military Equipment School (解放軍高級軍械學校)) in 1982 with a bachelor's degree in engineering in light weapons and graduated from the East China Institute of Technology (華東工學院) in 1985 with a master's degree in engineering in artillery and automatic weapons. Mr. Duan has nearly 30 years of working experience, and has more than 15 years of management experience from various intermediate and senior management positions in construction investment enterprises. Mr. Duan has been a Director since March 2008. Mr. Duan has also served as a director of Tangshan Port Group Co., Ltd. (唐山港集團股份有限公司) (listed on the Shanghai Stock Exchange in July 2010; stock code: 601000) since December 2005 and as the vice chairman since April 2012.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(3) Independent Non-executive Directors

Mr. SHI Rongyao (師榮耀), aged 65, an independent non-executive Director. Mr. Shi studied in the department of philosophy in Peking University (北京大學) from September 1974 to September 1977. He graduated from Harbin Institute of Technology (哈爾濱工業大學) in 1995 with a master's degree in engineering in management engineering. He has over 40 years of working experience, including more than 25 years of experience from various senior and leading positions in state and local governments. Mr. Shi had served in various departments under the State Council (國務院) and the General Office of the Central Committee of the Communist Party (中共中央辦公廳) of China. Since March 2012, Mr. Shi has been serving as the president of China Association of Development Zones (中國開發區協會). Mr. Shi has been serving as an independent non-executive Director since July 2013.

Ms. YU Shulian (余恕蓮), aged 62, an independent non-executive Director. She graduated from Xiamen University (廈門大學) in July 1982 with a bachelor's degree in economics majoring in accounting, and graduated from Xiamen University (廈門大學) in June 1986 with a master's degree in economics majoring in accounting. She is a non-practicing certified public accountant and a professor of international accounting. Ms. Yu has been serving as an independent Director of the Company since March 2008. She also served as an independent director of Zibo Qixiang Tengda Chemical Co., Ltd. (淄博齊翔騰達化工股份有限公司, stock code: 002408) from December 2007 to March 2014 and an independent director of Wuxi Double Elephant Micro Fiber Material Co., Ltd. (無錫雙象超纖材料股份有限公司, stock code: 002395) from March 2008 to December 2013. Both companies are listed on the Shenzhen Stock Exchange.

Mr. ZHAO Zhen (趙振), aged 49, a Chinese lawyer, is currently a non-executive Director and a senior partner of Beijing Far East Law Firm (北京市遠東律師事務所). He also serves as the vice president, chairman of the Legal Working Committee and office director of Credit Management Commission of China Communication Enterprise Management Association, a member of the Legal Expert Advisory Committee under the Ministry of Transport and an independent director of Inner Mongolia Linkage Potato Co., Ltd. (內蒙古淩志馬鈴薯科技股份有限公司). Mr. Zhao graduated from the Law School of Renmin University of China (中國人民大學) in 1989 and was awarded a master of laws degree from Renmin University of China in 2000. Mr. Zhao served as the deputy section chief of Supervision Bureau under the Ministry of Transport and an assistant to lawyer of China Lawyer Service Center (中國律師事務中心). He has been a lawyer and a senior partner in Beijing Far East Law Firm since 1996. Mr. Zhao has served as an independent director of Huabei Expressway Co., Ltd. (華北高速股份有限公司) (a company listed on the Shenzhen Stock Exchange; stock code: 000916) from 2002 to 2008, and an independent director of Guangxi Wuzhou Communications Co., Ltd. (廣西五洲交通股份有限公司) (a company listed on the Shanghai Stock Exchange; stock code: 600368) from 2009 to 2013. Mr. Zhao has been an internal lawyer of National Small or Medium Enterprises Share Transfer System of Guotai Jun'an Securities Co., Ltd. (國泰君安證券股份有限公司) since 2007.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. LI Man Choi (李文才), aged 54, an independent non-executive Director. He obtained his Honours Diploma in Accounting from the Hong Kong Baptist University in 1986, his master's degree in Business Administration from Brunel University, United Kingdom in 1997 and his master's degree of Science in Accounting and Management Science from the University of Southampton, United Kingdom in 1998. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a Hong Kong Certified Public Accountant and a member of the Institute of Chartered Accountants in England and Wales. He has over 25 years of practical experience in accounting. Since June 2013, Mr. Li has been a partner of ZHONGLEI (HK) CPA Company Limited and a technical director of Pan-China Certified Public Accountants LLP, Chongqing Branch (天健會計師事務所（特殊普通合夥）重慶分所). In addition, since August 2013, Mr. Li has been a director of Pan-China (H.K.) CPA Limited. Mr. Li has been serving as an independent non-executive Director since July 2013.

SUPERVISORS

(1) Supervisors

Mr. Nie Yuzhong (聶玉中), aged 46, a Supervisor and the chairman of the Supervisory Committee. Mr. Nie graduated from the Department of Management Engineering of Wuhan Institute of Water Transport Engineering (武漢水運工程學院) in 1989, majoring in Science and Technology Information Management. He received a bachelor's degree of Arts from University of International Business and Economics (對外經濟貿易大學) in 2006 and obtained a master's degree in Business Administration from Xiamen University (廈門大學) in 2009. He is a senior economist and a senior political engineer. Mr. Nie has served as deputy general manager and general manager of Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島外輪代理有限責任公司), party secretary and secretary of the Discipline Committee of the Ninth Port Branch, and served as a manager of the Ninth Port Branch since July 2011. He was appointed as a Supervisor and the chairman of the Supervisory Committee in June 2014.

Mr. Wang Yashan (王雅山), aged 48, currently serves as a Supervisor of the Company, the director of the Strategic Development Department in Hebei Port Group Co., Ltd. (the Controlling Shareholder of the Company) and a director and general manager of 渤海津冀港口投資有限公司. Mr. Wang graduated from Department of Hydraulic Engineering of Tsinghua University (清華大學) with a major in architecture in 1990. He received a master's degree in administration in management science and engineering from Yanshan University (燕山大學) in 2000 and is also a qualified senior engineer. Mr. Wang served as the deputy director of the Planning Department in the Qinhuangdao Port Authority (秦皇島港務局), the deputy director and director of the Planning Department, the director of Corporate Development Department of Qinhuangdao Port Group Co., Ltd., the chief of the planning development preparatory group of Westport District of Qinhuangdao Port Group, the director and general manager in a real estate development company, the director of the Investment and Development Department and the director of Strategic Development Department of Hebei Port Group Co., Ltd. Mr. Wang was appointed as a Supervisor of the Company in June 2014 and a director and general manager of 渤海津冀港口投資有限公司 in August 2014.

Mr. Liu Simang (劉巳莽), aged 42, a Supervisor of the Company and the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited. Mr. Liu graduated from Northeastern University at Qinhuangdao (東北大學秦皇島分校) in 1994 and obtained a master's degree in Business Administration (MBA) from Yanshan University in 2008 and holds a qualification as an accountant. Mr. Liu has been working since 1994 and has served as a salesman and sales manager of Qinhuangdao Yida Food Co., Limited (秦皇島益達食品有限公司), deputy general manager of Qinhuangdao Hairun Food Co., Limited (秦皇島市海潤食品有限公司), vice officer and officer of Asset Management Department and administration officer of Qinhuangdao Commerce and Trade State-owned Assets Investment and Operation Limited (秦皇島市商貿國有資產投資經營有限公司), and vice officer and deputy general manager of preparatory group of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). He has been the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited since March 2014. Mr. Liu was appointed as a Supervisor of the Company in June 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(2) Employee Representative Supervisors

Mr. CAO Dong (曹棟), aged 46, an employee representative Supervisor of our Company. Mr. Cao received a bachelor's degree in economics in financial economics from Hebei University (河北大學) in July 1991 and a master's degree in software engineering from the University of Electronic Science and Technology of China (電子科技大學) in December 2011. He has the professional qualification of a senior accountant. Mr. Cao was deputy director of the Investment Center of QPG, deputy manager of general affairs office of construction headquarters of Caofeidian of QPG and deputy director of the audit department of our Company. He has served as director of the audit department of our Company since March 2012. He has served as deputy director and director of the audit department of HPG since October 2009. Mr. Cao has served as an employee representative Supervisor of our Company since August 2010. Mr. Cao also served as a supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (listed on the Shanghai Stock Exchange in November 2009; stock code: 600999) from September 2013 to May 2014, and has been its director since May 2014.

Mr. YANG Jun (楊軍), aged 45, an employee representative Supervisor and vice chairman of the labor union of our Company. Mr. Yang received a bachelor's degree in engineering in management information system from Beifang Jiaotong University (北方交通大學, currently Beijing Jiaotong University (北京交通大學)) in 1992, and a master's degree in engineering in electronic and communication engineering from Wuhan University of Technology (武漢理工大學) in 2009. He has the professional qualification of a senior engineer. He was the deputy manager and labor union chairman of Railway Transportation Branch of our Company. He served as vice chairman of the labor union of our Company from September 2012 to January 2015, and has served as an employee representative Supervisor of our Company since June 2013.

SENIOR MANAGEMENT

Mr. HE Zhenya (何振亞), aged 52, the deputy general manager and a member of the party committee of our Company. He has been engaged as a senior engineer by our Company. Mr. He graduated from China University of Mining and Technology (中國礦業大學), formerly known as China Institute of Mining and Technology (中國礦業學院), in 1986 with a bachelor's degree in engineering in metals and heat treatment and obtained a master's degree in engineering in machinery engineering from Yanshan University (燕山大學) in 2006. He joined the Qinhuangdao Port Authority in 1988 and acquired over 25 years of port industry experience. In the past 10 years, he held various intermediate and senior management positions and has extensive business and management experience. Since December 2009, he has been serving as the deputy general manager and a member of the party committee of our Company. From December 2009 to July 2011, he was also the manager of the Ninth Port Branch of the Company.

Mr. GUO Xikun (郭西錕), aged 50, the deputy general manager, the chief financial officer and a member of the party committee of our Company. He has the professional qualification of a senior accountant. He completed the postgraduate course in business management of Guanghua School of Management of Peking University (北京大學光華管理學院) and obtained a master's degree of EMBA from Beijing Jiaotong University (北京交通大學). Mr. Guo joined the Qinhuangdao Port Authority in 1988 and have since been engaged in finance-related work. He has over 25 years of experience in financial management and port industry related areas. In the past 15 years, he served in various intermediate and senior management positions. Since December 2009, he has served as chief financial officer and a member of the party committee of our Company, and was appointed as the deputy general manager of the Company on 22 August 2014. He has served as a director of Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) since July 2014. Mr. Guo previously served as a supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (listed on the Shanghai Stock Exchange in November 2009; stock code: 600999) from December 2001 to May 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. YANG Wensheng (楊文勝), aged 46, the deputy general manager and director of the production department of the Company. Mr. Yang graduated from Shanghai Railway Institute (上海鐵道學院) with a bachelor's degree in July 1991 and he is a senior economist. He joined the Qinhuangdao Port Authority in 1991 and has since then been engaged in port operation related work. He had served as the section chief of the production section of the Railway Transport Company of the Qinhuangdao Port Authority (秦皇島港務局鐵運公司), the deputy manager of Rail Transportation Branch of Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司), the deputy director of the production department of Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司), the general manager of Qinren Sea Transportation Co., Ltd. (秦仁海運有限公司) and the manager of the Second Port Branch of our Company. Mr. Yang served as the director of the production department of our Company from September 2012 to January 2015, and has been appointed as the deputy general manager of the Company since 22 August 2014.

JOINT COMPANY SECRETARIES

Mr. ZHANG Nan (張楠), aged 35, the deputy director of the general office of the Board, the representative for securities affairs and the joint company secretary of our Company. He obtained a bachelor's degree in law majoring in economic law from Heilongjiang University (黑龍江大學) in July 2002. He is a registered corporate lawyer and a registered corporate legal advisor. He is a certified enterprise risk manager and has the qualification certificates of securities practice, secretary to the board of directors, securities affairs representative, independent director as well as financial and tax intermediate professional and technical position. Mr. Zhang has served as the deputy director of the general office of the Board and the representative for securities affairs of our Company since November 2013. He has been the joint company secretary of our Company since August 2013.

Ms. KWONG Yin Ping, Yvonne (鄺燕萍), the joint company secretary of our Company. Ms. Kwong obtained a bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University. She works as vice president in a professional corporate services company which is engaged in providing secretarial and compliance services for listed companies. She is also a fellow of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom. She has extensive experience in providing company secretarial services for numerous private and listed companies. She serves as company secretary and joint company secretary of various companies listed on the Hong Kong Stock Exchange. Mr. Zhang Nan is the major contact person of Ms. Kwong in the Company.

REPORT OF THE BOARD OF DIRECTORS

The Board hereby presented the Report of the Board of Directors and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL BUSINESS

As at the date of this report, the Group provides integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. The various types of cargo we handled mainly include (i) dry bulk cargoes (including coal and metal ores), (ii) oil and liquefied chemicals, (iii) containers and (iv) general cargo and other goods.

There is no material change to the nature of Group's principal business activities during the Year.

FINANCIAL POSITION AND RESULTS

Financial position as at 31 December 2014 and profit of the Year of the Group are set out in pages 59 to 61 of this report.

DIVIDENDS

The Board proposed distribution of final dividends of RMB0.35 (tax inclusive) per Share for the Year to the Shareholders of the Company. If the profit distribution plan was approved by the Shareholders on the Annual General Meeting, final dividends will be distributed to Shareholders whose names appear on the register of members of the Company on 8 July 2015 before 9 August 2015. In accordance with the Articles of Association of the Company, dividends payable to holders of the Domestic Shares will be made and paid in RMB, whereas dividends payable to holders of the H Shares will be declared in RMB and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China (中國人民銀行) during the week prior to the Annual General Meeting to be held on 9 June 2015.

In accordance with the Corporate Income Tax Law of the PRC and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% corporate income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of final dividends as corporate income tax, distribute the final dividends to non-resident enterprise shareholders, i.e. any shareholders who hold the Company's Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, or other nominees, trustees, or holders of H Shares registered in the name of other organisations and groups.

Due to changes in the PRC tax laws and regulations, according to the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents issued by the State Administration of Taxation on 4 January 2011, individual Shareholders who hold the Company's H Shares and whose names appeared on the H Share Register of the Company can no longer be exempted from individual income tax pursuant to the Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (Guo Shui Fa [1993] No. 045) issued by the State Administration of Taxation, whilst pursuant to the letter titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Stock Exchange to the issuers on 4 July 2011 and the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 of State Administration of Taxation (Guo Shui Han [2011] No. 348), it is confirmed that the overseas resident individual shareholders holding shares of domestic non-foreign invested enterprises issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax arrangements between the countries where they reside and the PRC or the tax arrangements between the PRC and Hong Kong or the Macau Special Administrative Region of the PRC. Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified in the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

REPORT OF THE BOARD OF DIRECTORS

The Annual General Meeting for 2014 of the Company will be held on Tuesday, 9 June 2015. In order to determine the holders of H Shares who will be entitled to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Sunday, 10 May 2015 to Tuesday, 9 June 2015 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares of the Company to qualify for attending the Annual General Meeting for 2014, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 8 May 2015.

Subject to the approval of the resolution regarding the declaration of dividends at the Annual General Meeting for 2014, dividends will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on 8 July 2015. The register of the Company will be closed from Friday, 3 July 2015 to Wednesday, 8 July 2015 (both days inclusive), during which period no transfer of shares will be registered. In order for the holders of H Shares of the Company to qualify for receiving the final dividends, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Thursday, 2 July 2015. The Company has no obligation and will not be responsible for confirming the identities of the Shareholders. The Company held no liability in respect of any claims arising from any delay in, or inaccurate determination of the identity of the Shareholders or any disputes over the mechanism of withholding.

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company has been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds of the Company from the Global Offering amounted to HKD3,748.92 million. During the Year, the use of proceeds from the Global Offering was in line with the usage disclosed in the Prospectus.

BANK BORROWINGS

As at 31 December 2014, details of bank borrowings of the Group are set out in Note V. 19 & 26 to the financial statements in this annual report.

FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Details of fixed assets and construction in progress of the Group in the Year are set out in Note V. 12 & 13 to the financial statements in this annual report.

UNDISTRIBUTED PROFITS AT THE END OF THE YEAR

Details of the undistributed profits of the Group in the Year are set out in "Consolidated Statement of Changes in Equity" in this annual report. As at 31 December 2014, undistributed profits at the end of the Year distributable to Shareholders amounted to approximately RMB1,798,643 thousand.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, revenue from the sales to the five largest customers by the Group accounted for approximately 44.80% of the total turnover of the Group, among which, revenue from the sales to the largest customer accounted for approximately 13.98% of the total turnover of the Group.

During the Year, our purchases made from the five largest suppliers of goods or services (i.e. our non-capital goods suppliers) accounted for 4.20% of operating cost of the Group, among which, our purchases made from the largest supplier of non-capital goods accounted for 1.70% of the operating cost of the Group; our purchases made from the five largest equipment and construction service suppliers (i.e. our capital goods suppliers) amounted to RMB3,859,637 thousand, among which, our purchases made from the largest equipment and construction service supplier amounted to RMB3,198,541 thousand.

During the Year, none of the Directors, Supervisors or their respective associates or any Shareholders who own more than 5% of equity interests of the Company so far as the Directors are aware, has beneficial interests in the five largest customers and the five largest capital or non-capital goods suppliers.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

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

CAPITAL COMMITMENT

Details of the capital commitment of the Group for the Year are set out in Note XI to the financial statements in this annual report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of business performance of each of the major subsidiaries, joint ventures and associates of the Company are set out in Note VII. 1 to 2 to the financial statements in this annual report.

DONATION

The charity and other donations of the Group made during the Year amounted to approximately RMB1,151 thousand.

CONNECTED TRANSACTIONS

Holding 10% or more of the issued share capital of the Company, HPG is the substantial shareholder of the Company as defined in the Listing Rules. As such, HPG and its associates (as defined in the Listing Rules) are the connected persons of the Company under Chapter 14A of the Listing Rules.

Details of the connected transactions of the Group during the Year are set out in Note X. 1 to 9 to the financial statements of this annual report, all of which also constitute connected transactions under Chapter 14A of the Listing Rules.

During the Year, the Group entered into the following transactions and arrangements with connected persons as defined in the Listing Rules:

NON-EXEMPT CONNECTED TRANSACTIONS

The Group and HPG have carried out the following connected transactions not exempted from Rule 14A.76(1) of the Listing Rules during the Year:

(A) Establishment of HPG Finance

On 11 April 2014, the Company entered into the Articles of Association (the "**Articles of HPG Finance**") with HPG, the Controlling Shareholder of the Company, for the establishment of HPG Finance, a joint venture. According to the Articles of HPG Finance, the total registered capital of HPG Finance is RMB500 million, among which, RMB200 million and RMB300 million are contributed by the Company and HPG, respectively, representing 40% and 60% of the total registered capital of HPG Finance. HPG Finance was established on 10 July 2014.

(B) Disposal of Equity Interest in Qinhuangdao Seaborne Coal Trading Market

On 5 November 2014, the Company and HPG entered into the "Equity Transfer Agreement relating to Equity of Qinhuangdao Seaborne Coal Trading Market Co., Ltd. between Hebei Port Group Co., Ltd. and Qinhuangdao Port Co., Ltd." According to the agreement, the Company sold 68% of the equity interest in Qinhuangdao Seaborne Coal Trading Market Co., Ltd. to HPG at a consideration of RMB2,607,120, and completed the change of registration with the administration authority of industry and commerce on 7 November 2014.

Please refer to the related announcements on the websites of Stock Exchange and the Company for details of the establishment of HPG Finance and disposal of equity interest in Qinhuangdao Seaborne Coal Trading Market.

(C) Initial Compensation Agreement

On 31 December 2014, the Company entered into the Initial Compensation Agreement in relation to the Staff Settlement Involved in the Closure of the Coal Stevedoring Operation in the West Port Area of Qinhuangdao Port Co., Ltd. (《有關秦皇島港股份有限公司西港區煤炭裝卸業務停運所涉員工安置事項先期補償協議書》, the "**Initial Compensation Agreement**") with HPG. Pursuant to the Initial Compensation Agreement, HPG agreed to pay the Initial Compensation of RMB350 million to the Company on 31 December 2014 on an irrevocable and non-returnable basis. The Company has received the Initial Compensation on 31 December 2014. Please refer to the announcement of the Company dated 31 December 2014 for details of the above.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group and HPG (and its subsidiaries) have carried out the following continuing connected transactions not exempted from Rule 14A.76(1) of the Listing Rules during the Year:

(A) Lease Agreement

The Company and HPG entered into a lease agreement on 25 December 2008 which was renewed on 28 March 2011 ("**Lease Agreement**") in respect of the lease of certain assets which include land, buildings, facilities and equipment from HPG to us. The Lease Agreement is valid from 31 March 2008 to 31 December 2013. On 11 July 2013, the Company and HPG entered into a supplemental agreement to the Lease Agreement, which extended its term to 31 December 2015, with effect from the execution date of the supplemental agreement. Pursuant to the Lease Agreement, HPG leases to us certain facilities, equipment and properties related to our operations in the western zone of Qinhuangdao Port. Such facilities, equipment and properties include office buildings, stacking yards, roads, power supply and lighting equipment, office facilities and instruments, and a majority of which are immovable properties. For details of the Lease Agreement, please refer to the Prospectus.

The total rental fee paid to HPG by the Group pursuant to the Lease Agreement during the Year was RMB103,821 thousand.

(B) General Services Agreement

We entered into a general services agreement with HPG on 25 December 2008 which was renewed on 28 March 2011 (the "**General Services Agreement**"). On 11 July 2013, we entered into a supplemental agreement to the General Services Agreement with HPG, which extended its term to 31 December 2015, with effect from the execution date of the supplemental agreement. The General Services Agreement serves as a framework agreement containing the scope of goods and services, transaction principle, stipulation on the formulation of annual procurement and estimation plan, pricing terms and policies in respect of the goods and services to be provided under the General Services Agreement.

Pursuant to the General Services Agreement, HPG and/or its subsidiaries shall provide a wide range of services for the Group, which include (i) social services such as employee training, medical services, printing and other relevant or similar services, (ii) office and logistics services such as property services, office leasing, office supplies and other daily supplies leasing, water and heat supply, hygiene, greening and other relevant or similar services, and (iii) production services such as equipment manufacturing, survey and design, supervisory services, vehicle and other equipment leasing, port construction, port engineering maintenance and communication services, reclaimed water supply, goods and resource supply and other relevant or similar services, while the Group shall provide HPG and/or its subsidiaries with the following services: general port services, port electricity management services, transportation services, software services, labor services, leasing services, resources supply services and other relevant or similar services ("**Services**"). For details of the General Services Agreement, please refer to the Prospectus.

In or around March 2015, in the course of preparing the audited financial statements of the Group for the year ended 31 December 2014 and reviewing all past continuing connected transactions of the Group, the Board noted that the total revenue generated from the Services provided by the Group to HPG under the General Services Agreement in 2014 amounted to RMB115,468,495.52, exceeding the 2014 annual cap of RMB91,590,000.00 by RMB23,878,495.52.

The exceeding of the 2014 annual cap by the total revenue generated from the Services is primarily due to the reason that the 2014 annual cap was estimated by the Group with reference to the historical transaction amount in respect of the Services provided by the Group to HPG. However, the demand for the general port services of the Group from Qinhuangdao Ruigang Coal Logistics Co., Ltd., one of the HPG members, increased significantly as a result of its rapid business development near the end of 2014. As the total revenue generated from the Services provided by the Group to Qinhuangdao Ruigang Coal Logistics Co., Ltd. increased from RMB8,805,921.00 in 2012 to RMB34,011,991.12 in 2013 and RMB89,066,340.62 in 2014, the Group overlooked that the total revenue generated from provision of the Services by the Group in 2014 had already exceeded the 2014 annual cap.

In future, the Group will closely monitor its continuing connected transactions, negotiate with and request the HPG members to provide the estimates on their demand for the Services (especially the general port services) in advance, and monitor the amounts of its continuing connected transactions on a timely basis. In addition, the Board will consider and, if appropriate, adjust the annual cap for the total revenue generated from provision of the Services by the Group in 2015.

The independent non-executive Directors of the Company had reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms or not, on terms no less favorable than those available to or from independent third parties; and

(3) in accordance with the relevant agreements governing the transactions and on terms that are fair and reasonable and in interests of the Company and the Shareholders as a whole.

According to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

The Lease Agreement and General Services Agreement:

(1) have been approved by the Board;

(2) have been effected in accordance with pricing policies specified under the respective agreements relating to the transactions;

(3) have been entered into on the terms of the respective agreements relating to the transactions;

(4) do not exceed the annual caps as disclosed in the Prospectus in respect of the Lease Agreement; and

(5) do not exceed the annual caps as disclosed in the Prospectus in respect of the General Services Agreement, save as disclosed above.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

Staff costs of the Group during the Year amounted to RMB2,381,193 thousand. For details of employees, remuneration policy and pension scheme of the Company, please refer to notes to the financial statements in this annual report.

SHARE CAPITAL

As at 31 December 2014, the total issued share capital of the Company amounted to RMB5,029,412,000, which divided into 5,029,412,000 Shares with a nominal value of RMB1.00 each, including:

Class of Shares	Number of Shares	Percentage to total issued share capital of the Company
Domestic Shares	4,199,559,000	83.50%
H Shares	829,853,000	16.50%
Total	5,029,412,000	100%

Details of changes in share capital of the Company during the Year are set out in Note V. 28 to the financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and the laws of the PRC which would otherwise require the offer of new Shares of the Company to existing Shareholders on a pro-rata basis.

SHARE OPTION SCHEME

The Company has not adopted any share option scheme.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES OF THE COMPANY

As at 31 December 2014, so far as the Directors and Supervisors are aware, other than the Directors, Supervisors and the senior management of the Company, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Number of Shares held	Capacity	Class of Share	Percentage of the total number of relevant class of issued share capital of the Company	Percentage of the total number of issued share capital of the Company	Long position/ short position
State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province	3,104,314,204 (note 1)	Interest of controlled corporation	Domestic Share	73.92%	61.72%	Long position
HPG	3,104,314,204	Beneficial owner	Domestic Share	73.92%	61.72%	Long position
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	629,824,026	Beneficial owner	Domestic Share	15.00%	12.52%	Long position
Hebei Construction & Investment Communications Investment Co., Ltd.	212,692,830	Beneficial owner	Domestic Share	5.06%	4.23%	Long position
Genesis Asset Managers, LLP	74,700,000	Investment manager	H Share	9%	1.48%	Long position
China Shipping (Group) Company	44,296,500 (note 2)	Interest of controlled corporation	H Share	5.34%	0.88%	Long position
China Shipping (Hong Kong) Holdings Co., Limited	44,296,500 (note 2)	Interest of controlled corporation	H Share	5.34%	0.88%	Long position
China Shipping Terminal Development (Hong Kong) Company Limited	44,296,500 (note 2)	Beneficial owner	H Share	5.34%	0.88%	Long position

Note:

1. State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province is the controlling shareholder of HPG, therefore, was deemed to be interested in 3,104,314,204 Shares of the Company under the SFO;

2. China Shipping (Group) Company (direct controlling shareholder of China Shipping (Hong Kong) Holdings Co., Limited) and China Shipping (Hong Kong) Holdings Co., Limited (direct controlling shareholder of China Shipping Terminal Development (Hong Kong) Company Limited) were deemed to be interested in 44,296,500 Shares of the Company respectively under the SFO.

Save as disclosed above, as of 31 December 2014, to the best knowledge of our Directors and Supervisors, none of other persons (other than Directors, Supervisors and senior management of the Company) had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

To the best knowledge of our Directors, as of 31 December 2014, none of our Directors, or Supervisors or chief executive and their respective associates had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPURCHASE, SALES AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1) of the Listing Rules ("**Waiver from Compliance with Public Float Requirement**"). In accordance with the Waiver from Compliance with Public Float Requirement, the Company shall maintain the minimum percentage of public float of at least 15% of our issued share capital. Pursuant to information available for public and as far as Directors are aware, as of the date of this annual report, the Company has maintained the public float in accordance with the Listing Rules and the Waiver from Compliance with Public Float Requirement.

NON-COMPETITION AGREEMENT AND UNDERTAKING BY THE CONTROLLING SHAREHOLDER

HPG has made a statement to the Company, during the Year, HPG has complied with the Non-Competition Agreement and Undertaking.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Relevant Period, the Company has continued to improve and optimise its internal control system in order to implement sound corporate governance. The Company has adopted and complied with all applicable provisions of the Corporate Governance Code. For details of compliance with Corporate Governance Code, please refer to the section headed "Corporate Governance Report" in this annual report.

DIRECTORS AND SUPERVISORS

During the Year and as at the date of this report, the Directors and Supervisors of the Company include:

Executive Directors

Mr. Xing Luzhen
Mr. He Shanqi (resigned on 12 January 2015)
Mr. Tian Yunshan (appointed on 12 January 2015)
Mr. Wang Lubiao
Mr. Ma Xiping

Non-executive Directors

Mr. Zhao Ke
Mr. Zheng Yunming (resigned on 6 June 2014)
Mr. Li Jianping (appointed on 6 June 2014)
Mr. Duan Gaosheng

Independent Non-executive Directors

Mr. Hong Shanxiang (resigned on 6 June 2014)
Mr. Shi Rongyao
Ms. Yu Shulian
Mr. Zhao Zhen (appointed on 6 June 2014)
Mr. Li Man Choi

Supervisors

Mr. Ge Ying (resigned on 6 June 2014)
Mr. Chen Shaojun (resigned on 6 June 2014)
Mr. Ning Zhongyou (resigned on 6 June 2014)
Mr. Nie Yuzhong (appointed on 6 June 2014)
Mr. Wang Yashan (appointed on 6 June 2014)
Mr. Liu Simang (appointed on 6 June 2014)

Employee Representative Supervisors

Mr. Cao Dong
Mr. Yang Jun

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THEIR DETAILS

Changes in Directors, Supervisors and Senior Management during the Year

On 6 June 2014, the Company held the Annual General Meeting and approved the appointment of Mr. Zhao Zhen as independent non-executive Director, Mr. Li Jianping as non-executive Director and the appointment of Mr. Nie Yuzhong, Mr. Wang Yashan and Mr. Liu Simang as Supervisors of the Company, respectively. On the same date, Mr. Zhao Zhen was appointed as chairman of the Nomination Committee and a member of the Strategy Committee; Mr. Li Jianping was appointed as a member of the Nomination Committee; Mr. Nie Yuzhong was elected as chairman of the Supervisory Committee.

On 6 June 2014, the following resignations came in effect:

1. Mr. Hong Shanxiang resigned as an independent non-executive Director, chairman of the Nomination Committee and a member of the Strategy Committee;

2. Mr. Zheng Yunming resigned as a non-executive Director and a member of the Nomination Committee;

3. Mr. Ge Ying resigned as a Supervisor and chairman of the Supervisory Committee; and

4. Mr. Chen Shaojun and Mr. Ning Zhongyou resigned as a Supervisor.

On 22 August 2014, the Board appointed Mr. Tian Yunshan as the general manager of the Company and each of Mr. Guo Xikun and Mr. Yang Wensheng as vice general manager. On the same date, Mr. He Shanqi resigned as the general manager of the Company which came in effect on the even date.

Changes in Directors, Supervisors and Senior Management subsequent to the Year and up to the Date of This Report

On 12 January 2015, the Company held the first extraordinary general meeting of 2015, at which Mr. Tian Yunshan was appointed as an executive Director of the Company; Mr. Tian Yunshan was appointed as a member of the Remuneration and Appraisal Committee and the Strategy Committee. Mr. He Shanqi resigned as an executive Director and a member of the Remuneration and Appraisal Committee and the Strategy Committee which came in effect on the even date.

As the term of the second session of the Board of the Company is going to expire, the Company will carry out the election of the third session of the Board in accordance with relevant requirements of the Articles of Association. The Board of the Company nominates Mr. Xing Luzhen, Mr. Tian Yunshan, Mr. Wang Lubiao and Mr. Ma Xiping as executive Directors of the third session of the Board of the Company; Mr. Zhao Ke, Mr. Li Jianping and Mr. Duan Gaosheng as non-executive Directors of the third session of the Board of the Company; and Mr. Zhao Zhen and Mr. Li Man Choi as independent non-executive Directors of the third session of the Board of the Company. The appointment of the above Director candidates will come into effect as from the date of approval at the general meeting, for a term of three years.

Mr. Shi Rongyao, an independent non-executive Director, has resigned from his office as independent non-executive Director and relevant positions in Board committees due to personal reasons provided that he has agreed to perform his duties as an independent non-executive Director according to the requirements of relevant laws and regulations until the appointment of new independent non-executive Director by the Company to fill his vacancy.

In addition, Ms. Yu Shulian ("**Ms. Yu**"), an independent non-executive Director, is not going to participate in the election of new session of the Board after the expiration of the second session of the Board. Ms. Yu has confirmed that she has no disagreement with the Company and the Board and there is no other matters relating to her resignation that needs to be brought to the attention of the Shareholders. The Board will nominate Ms. Zang Xiuqing as an independent non-executive Director of the Company for a term commencing from the date of approval of her appointment by Shareholders at the general meeting and ending at the expiration of the third session of the Board of the Company. The appointment is subject to the approval by the Shareholders of the Company at the Annual General Meeting.

Save as the above and disclosed in this report, there was no other change in our Directors, Supervisors and senior management during the Year.

Save as disclosed in this report, there was no change in any information discloseable and disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the Year.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

All current Directors have entered into service contracts with the Company for a term of three years commencing from the date of the approval from Shareholders and shall be terminated pursuant to relevant terms of respective contracts.

As at the date of this annual report, none of the Directors and Supervisors of the Company had entered into any service contract with the Company or its subsidiaries which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS IN CONTRACTS OF SIGNIFICANCE OF DIRECTORS AND SUPERVISORS

During the Relevant Period, none of Directors and Supervisors was materially interested, directly or indirectly, in any contracts of significance entered into with the Company or its controlling companies or its subsidiaries or subsidiaries of its controlling companies subsisting as at the end of the Year.

REPORT OF THE BOARD OF DIRECTORS

INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

Other than business of the Group, none of the Directors of the Company holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group.

REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Remuneration of Directors and Supervisors is determined by the Remuneration and Appraisal Committee by making reference to the remuneration paid by comparable companies and time commitments and duties of Directors and Supervisors.

Details of remuneration of Directors, Supervisors and the five highest paid individuals in the Year are set out in Note XIII. 3 to 4 to the financial statements in this annual report.

MANAGEMENT CONTRACTS

During the Year, the Company did not enter into any contracts with respect to the management or administration of all or any substantial part of our businesses.

THE BOARD AND BOARD COMMITTEES

Details of the Board and Board committees are set out in the section headed "Corporate Governance Report" in this report.

MATERIAL LITIGATION AND ARBITRATION

So far as the Directors are aware and save as disclosed in the Prospectus, the Company was not engaged in any material litigation, arbitration or claim, and no litigation or claim of material importance was pending or threatened against the Company during the Year.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of Corporate Governance Code.

Details of the meetings of the Audit Committee are set out in the section headed "Corporate Governance Report" in this report.

AUDITOR

The Company has appointed Ernst & Young Hua Ming LLP as the domestic auditor of the Company to audit the financial statements for the Year.

EVENTS AFTER THE REPORTING PERIOD

On 12 January 2015, the Company held the first extraordinary general meeting of 2015, at which the following resolutions were passed:

1. The resolution regarding the entering into of the Financial Services Framework Agreement with HPG Finance, the acceptance of the financial services to be provided thereunder and the proposed annual caps;

2. The resolution regarding the appointment of Mr. Tian Yunshan as an executive Director of the Company and the authorisation granted to the Board for determining his remuneration;

3. The resolution regarding the cessation of appointment of Ernst & Young as the Company's international auditor; and

4. The resolution regarding the amendments to the Articles of Association.

By order of the Board
Xing Luzhen
Chairman

Qinhuangdao, Hebei, PRC
23 March 2015

REPORT OF SUPERVISORY COMMITTEE

The Supervisory Committee of the Company (the "**Supervisory Committee**") has fully discharged its duty of supervision on the Directors and senior management of the Company in a faithful and diligent manner according to the Company Law, the Articles of Association of the Company, the Rules of Procedures of Meetings of the Supervisory Committee of Qinhuangdao Port Co., Ltd. ("**Rules of Procedures of the Supervisory Committee**") and other applicable laws and regulations, playing a positive role for the regulation and compliance operation of the Company.

EVALUATION ON THE BEHAVIOR AND PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2014

The Supervisory Committee is of the view that the Board and senior management were able to comply with the requirements of the Company Law, Articles of Association of the Company and other applicable laws and regulations and were able to carry out operation in accordance with laws. The Directors and senior management of the Company discharged their fiduciary duties in a prudent manner based on the resolutions approved at the shareholders' general meeting and policies formulated by the Board. After supervision and investigation, none of the Directors and senior management of the Company were found to be in breach of the Articles of Association of the Company and other applicable laws and regulations when discharging their duties and none of their acts were found to be detrimental to the interests of the Company or the Shareholders of the Company.

OVERVIEW OF THE MEETINGS OF SUPERVISORY COMMITTEE

Three meetings were held by the Supervisory Committee during the Year. Details of the meetings are set out below:

1. On 28 March 2014, the Supervisory Committee held its first meeting. At the meeting, four resolutions, namely the 2013 Financial Statements of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司2013年度財務決算報告》), the 2014 Financial Budget Report of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司2014年度財務預算報告》), the Proposals on 2014 Fixed Asset Investment of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司2014年度固定資產投資計劃》) and the Resolution on 2013 Profit Distribution of Qinhuangdao Port Co., Ltd. (《關於秦皇島港股份有限公司2013年度利潤分配的議案》), were considered.

   At the meeting, the 2013 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司監事會2013年度工作報告》) and the Proposals on Change of Members of the Supervisory Committee (《關於監事會成員變更的議案》) were also considered and approved without objection.

2. On 6 June 2014, the second meeting of the Supervisory Committee was held in which the Resolution on the Election of Chairman of the Supervisory Committee of Qinhuangdao Port Co., Ltd. (《關於選舉秦皇島港股份有限公司監事會主席的議案》) was considered and approved. Mr. Nie Yuzhong was elected as the Chairman of the second session of the Supervisory Committee of the Company.

3. On 2 December 2014, the third meeting of the Supervisory Committee was held in which the resolution on the Work Report on Project Review on the Operating Costs and Expenses of Qinhuangdao Port Co., Ltd. in 2013 (《關於秦港股份公司2013年度營運成本及費用支出情況專項檢查的工作報告》).

The Supervisory Committee also kept track of the business operation, financial position and performance of the Company through a variety of means in a timely manner to conduct effective supervision on the internal control, financial and major decision-making process of the Company and the performance of duties by the Board and senior management of the Company. Such measures include:

1. to understand and supervise the research and decision-making details as well as procedures of major issues by attending important meetings, such as the Board meetings, shareholders' general meetings, operation meetings of general manager, and regular and monthly meetings in relation to administrative affairs.

2. to understand and supervise the operation of the Company through extensive project review and inspection in line with its annual supervision emphasis.

3. to facilitate the active and proper performance of duties by Directors and senior management through supervision and clear separation of roles of Directors and senior management.

4. to integrate supervision into daily operation with an emphasis on financial, investment and operation aspects so as to promptly respond to any problems identified.

During the Year, meetings and compositions of members of the Supervisory Committee were in compliance with the Company Law, the Articles of Association of the Company, Rules of Procedures of Meetings of the Supervisory Committee and other applicable laws and regulations.

INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT ISSUES FOR 2014

(A) Compliance of the Company

During the Year, the operation and decision-making process of the Board of the Company were in compliance with the Company Law, the Articles of Association of the Company and other applicable laws and regulations. The operating results of the Company are objective and true, reflecting its optimal internal control system. The Directors and senior management of the Company carried out the business and management with diligence, prudence and aspiration. None of the Directors and senior management of the Company were found to be in breach of the laws and regulations when discharging their duties and none of their acts were found to be detrimental to the interests of the Company and the Shareholders as a whole.

(B) Financial position and annual report of the Company

The Supervisory Committee duly reviewed and discussed the audited financial statements of the Company for 2014 and considered that it gave an objective, true, reasonable view in compliance with the laws, regulations and the Articles of Association of the Company. It also gave a complete and objective picture of the Company without any false representations, misleading statements or material omissions.

In addition, the Supervisory Committee considered that the preparation of this report was in compliance with the laws, regulations and the Articles and Association of the Company and its disclosure gave a complete and true picture of the operation, management and financial position of the Company during the Year.

(C) Use of proceeds

The Supervisory Committee supervised and inspected the use of proceeds from the Global Offering of the Company and believed that the use of proceeds was in compliance with relevant requirements and no misappropriation was found.

(D) Acquisition and disposal of material assets and external investments

The Supervisory Committee carried out supervision and inspection on the disposal and acquisition of material assets and external investments. None of the above acquisition and disposal of material assets and external investments involved insider trading, were detrimental to the interests of the Company and the Shareholders or resulted in the loss of assets of the Company.

REPORT OF SUPERVISORY COMMITTEE

PROSPECTS OF THE SUPERVISORY COMMITTEE FOR 2015

The Supervisory Committee will further carry out its supervision and inspection duties accountable to all the Shareholders in strict accordance with applicable laws and regulations, and the Articles of Association and the Rules of Procedures of the Supervisory Committee of the Company. The Supervisory Committee will continue to safeguard the legal interests of the Company and the Shareholders in line with the daily port business of the Company so as to effectively regulate the operation and development of the Company.

By Order of the Board
NIE Yuzhong
Chairman

AUDITORS' REPORT

Ernst & Young Hua Ming (2015) Shen Zi No. 61063699_E01

To the Shareholders of Qinhuangdao Port Co., Ltd.*:

We have audited the accompanying financial statements of Qinhuangdao Port Co., Ltd.*, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated and company income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements.

I. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of Qinhuangdao Port Co., Ltd.* is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting financial statements in accordance with Accounting Standards for Business Enterprises; and (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

II. AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

* *For identification purpose only*

AUDITORS' REPORT

Ernst & Young Hua Ming (2015) Shen Zi No. 61063699_E01

III. OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and company financial position of Qinhuangdao Port Co., Ltd.* as at 31 December 2014, and its consolidated and its company operating results and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Meng Dong

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Zhang Yan

23 March 2015

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

31 December 2014

RMB

Assets	Note V	31 December 2014	31 December 2013
Current assets			
Cash and bank balances	1	3,095,475,670.05	5,945,266,696.95
Bills receivable	2	75,817,721.80	72,698,397.00
Dividends receivable	3	–	1,026,725.97
Accounts receivable	4	208,103,086.57	189,187,615.04
Other receivables	5	42,704,201.60	73,020,762.55
Prepayments	6	6,911,273.14	12,350,142.54
Inventories	7	199,661,932.26	190,335,822.36
Other current assets	8	154,165,982.46	9,259,978.39
Total current assets		3,782,839,867.88	6,493,146,140.80
Non-current assets			
Long-term equity investments	9	1,471,034,416.26	1,039,200,647.45
Available-for-sale financial assets	10	710,376,014.95	681,623,657.00
Investment properties	11	6,434,350.00	4,171,258.01
Fixed assets	12	11,817,708,396.92	11,864,701,215.67
Construction in progress	13	9,254,680,699.09	8,273,308,475.14
Intangible assets	14	940,241,413.05	662,108,291.08
Goodwill		–	58,774.48
Long-term prepaid expenses		141,850.09	60,466.67
Deferred tax assets	15	148,024,801.70	163,649,339.08
Other non-current assets	17	5,296,916.60	59,715,053.18
Total non-current assets		24,353,938,858.66	22,748,597,177.76
Total assets		28,136,778,726.54	29,241,743,318.56

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2014

RMB

Liabilities and shareholders' equity	Note V	31 December 2014	31 December 2013
Current liabilities			
Short-term borrowings	19	1,553,906,160.15	3,000,000,000.00
Accounts payable	20	104,744,909.38	109,109,045.92
Deposits received	21	540,266,224.40	614,578,043.35
Employee benefits payable	22	85,539,203.98	123,117,142.10
Taxes payable	23	211,107,564.45	233,596,458.48
Interest payable	24	20,391,078.80	20,298,822.46
Dividends payable		1,141.91	1,918,400.00
Other payables	25	2,430,213,492.95	4,016,348,981.98
Non-current liabilities due within one year	26	469,214,800.00	395,367,400.00
Total current liabilities		5,415,384,576.02	8,514,334,294.29
Non-current liabilities			
Long-term borrowings	26	8,986,967,656.50	7,368,092,212.35
Deferred income	27	316,651,178.29	310,392,028.16
Total non-current liabilities		9,303,618,834.79	7,678,484,240.51
Total liabilities		14,719,003,410.81	16,192,818,534.80
Shareholders' equity			
Share capital	28	5,029,412,000.00	5,029,412,000.00
Capital reserve	29	4,506,903,112.81	4,506,054,042.23
Special reserve	30	21,544,992.62	34,545,844.25
Surplus reserve	31	884,205,714.39	683,389,559.34
Retained profits	32	1,798,642,550.46	1,628,725,818.50
Equity attributable to shareholders of the parent		12,240,708,370.28	11,882,127,264.32
Minority interests		1,177,066,945.45	1,166,797,519.44
Total shareholders' equity		13,417,775,315.73	13,048,924,783.76
Total liabilities and shareholders' equity		28,136,778,726.54	29,241,743,318.56

The financial statements have been signed by:

Legal representative:	Person in charge of business operation:	Chief financial officer:	Head of accounting department:
XING Luzhen	TIAN Yunshan	GUO Xikun	XIE Hui

CONSOLIDATED INCOME STATEMENT

For the year ended 2014

RMB

	Note V	2014	2013
Revenue	33	7,223,102,706.10	7,189,172,072.57
Less: Operating costs	33	4,076,995,871.49	4,045,719,239.66
Business tax and surcharges	34	35,993,457.68	161,251,619.31
Selling expenses		212,902.51	122,242.40
Administrative expenses	35	872,947,711.04	820,377,988.99
Financial costs	36	333,804,159.05	331,121,245.48
Asset impairment loss	37	(14,197,745.43)	32,809,111.23
Add: Investment income	38	237,153,522.85	157,491,381.05
Including: investment income from associates and joint ventures		173,457,997.08	111,373,669.10
Operating profits		2,154,499,872.61	1,955,262,006.55
Add: Non-operating income	39	426,494,593.06	313,703,081.46
Including: Gain on disposal of non-current assets		4,945,957.55	319,629.92
Less: Non-operating expenses	40	23,611,092.34	72,979,714.81
Including: Losses on disposal of non-current assets		22,413,179.22	56,812,031.02
Total profit	41	2,557,383,373.33	2,195,985,373.20
Less: Income tax expenses	42	580,076,900.02	419,319,746.86
Net profit		1,977,306,473.31	1,776,665,626.34
Net profit attributable to shareholders of the parent		1,980,144,727.01	1,764,361,831.12
Minority interests		(2,838,253.70)	12,303,795.22
Earnings per share			
Basic and diluted earnings per share	43	0.39	0.41
Other comprehensive income		–	–
Total comprehensive income		1,977,306,473.31	1,776,665,626.34
Including:			
Total comprehensive income attributable to shareholders of the parent		1,980,144,727.01	1,764,361,831.12
Total comprehensive income attributable to minority shareholders		(2,838,253.70)	12,303,795.22

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 2014

RMB

	Equity attributable to shareholders of the parent							
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
I. Current year's opening balance	5,029,412,000.00	4,506,054,042.23	34,545,844.25	683,389,559.34	1,628,725,818.50	11,882,127,264.32	1,166,797,519.44	13,048,924,783.76
II. Changes during the year								
(I) Net profit	–	–	–	–	1,980,144,727.01	1,980,144,727.01	(2,838,253.70)	1,977,306,473.31
(II) Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	1,980,144,727.01	1,980,144,727.01	(2,838,253.70)	1,977,306,473.31
(III) Contributions from Shareholders								
1. Related expenses of issuance of H Shares	–	879,070.58	–	–	–	879,070.58	–	879,070.58
2. Establishment of new subsidiaries	–	–	–	–	–	–	18,000,000.00	18,000,000.00
3. Capital injection to subsidiaries	–	(30,000.00)	–	–	–	(30,000.00)	30,000.00	–
4. Disposal of subsidiaries	–	–	–	–	–	–	(1,356,139.45)	(1,356,139.45)
(IV) Profit distribution								
1. Appropriation to surplus reserves	–	–	–	200,816,155.05	(200,816,155.05)	–	–	–
2. Distribution to shareholders	–	–	–	–	(1,609,411,840.00)	(1,609,411,840.00)	(3,642,267.61)	(1,613,054,107.61)
(V) Special reserve								
1. Accrual	–	–	72,488,233.21	–	–	72,488,233.21	672,794.72	73,161,027.93
2. Usage	–	–	(85,489,084.84)	–	–	(85,489,084.84)	(596,707.95)	(86,085,792.79)
III. Current year's closing balance	5,029,412,000.00	4,506,903,112.81	21,544,992.62	884,205,714.39	1,798,642,550.46	12,240,708,370.28	1,177,066,945.45	13,417,775,315.73

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 2013

RMB

	Equity attributable to shareholders of the parent							
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
I. Current year's opening balance	4,275,000,000.00	2,249,414,317.34	21,294,574.57	544,743,015.53	2,183,260,531.19	9,273,712,438.63	1,155,812,350.03	10,429,524,788.66
II. Changes during the year								
(I) Net profit	–	–	–	–	1,764,361,831.12	1,764,361,831.12	12,303,795.22	1,776,665,626.34
(II) Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	1,764,361,831.12	1,764,361,831.12	12,303,795.22	1,776,665,626.34
(III) Contributions from Shareholders								
1. Proceeds raised from issuance of H Shares	754,412,000.00	2,366,787,231.19	–	–	–	3,121,199,231.19	–	3,121,199,231.19
2. Related expenses of issuance of H Shares	–	(108,836,844.13)	–	–	–	(108,836,844.13)	–	(108,836,844.13)
3. Capital injection to subsidiaries	–	(1,310,662.17)	–	–	–	(1,310,662.17)	1,310,662.17	–
(IV) Profit distribution								
1. Appropriation to surplus reserves	–	–	–	138,646,543.81	(138,646,543.81)	–	–	–
2. Distribution to shareholders	–	–	–	–	(2,180,250,000.00)	(2,180,250,000.00)	(2,965,541.53)	(2,183,215,541.53)
(V) Special reserve								
1. Accrual	–	–	70,993,949.75	–	–	70,993,949.75	548,130.84	71,542,080.59
2. Usage	–	–	(57,742,680.07)	–	–	(57,742,680.07)	(211,877.29)	(57,954,557.36)
III. Current year's closing balance	5,029,412,000.00	4,506,054,042.23	34,545,844.25	683,389,559.34	1,628,725,818.50	11,882,127,264.32	1,166,797,519.44	13,048,924,783.76

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 2014

RMB

	Note V	2014	2013
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		7,583,207,735.39	7,437,777,573.08
Refunds of taxes		–	28,875,091.92
Cash received relating to other operating activities		391,598,808.46	51,189,822.63
Sub-total of cash inflows		7,974,806,543.85	7,517,842,487.63
Cash paid for goods and services		1,042,189,592.18	1,086,380,599.33
Cash paid to and on behalf of employees		2,362,785,557.18	2,222,602,430.83
Cash paid for all taxes		977,915,189.32	802,995,478.06
Cash paid relating to other operating activities		608,105,637.97	536,669,467.63
Sub-total of cash outflows		4,990,995,976.65	4,648,647,975.85
Net cash flows from operating activities	44	2,983,810,567.20	2,869,194,511.78
II. Cash flows from investing activities			
Cash received from return of investment		368,410,196.89	–
Cash received from disposal of other entities		5,734,810.37	–
Cash received from investment income		169,070,214.58	179,628,711.95
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,116,188.52	487,866,701.14
Cash received relating to other investing activities		88,000,000.00	68,300,000.00
Sub-total of cash inflows		636,331,410.36	735,795,413.09
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		3,329,568,167.51	2,517,715,747.60
Cash paid for investments		333,330,000.00	105,000,000.00
Cash paid for investment in time deposits		143,020,800.00	357,910,196.89
Net cash from disposal of subsidiaries		2,625,169.03	–
Restricted funds deposited with financial institutions		215,280.00	–
Sub-total of cash outflows		3,808,759,416.54	2,980,625,944.49
Net cash flows from investing activities		(3,172,428,006.18)	(2,244,830,531.40)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 2014

RMB

	Note V	2014	2013
III. Cash flows from financing activities			
Cash received from capital contribution		18,000,000.00	3,121,199,231.19
Including: cash received from capital contribution by minority shareholders to subsidiaries		18,000,000.00	–
Cash received from borrowings		4,515,766,424.92	4,230,383,437.00
Cash received relating to other financing activities		–	343,391,284.94
Sub-total of cash inflows		4,533,766,424.92	7,694,973,953.13
Cash paid for repayments of borrowings		4,267,053,263.85	3,386,534,000.00
Cash paid for distribution of dividends or profits and for interest expenses		2,300,105,626.29	2,810,328,738.00
Including: dividends paid to minority shareholders by subsidiaries		3,642,267.61	2,965,541.53
Cash paid relating to other financing activities		446,561,680.78	11,062,875.44
Sub-total of cash outflows		7,013,720,570.92	6,207,925,613.44
Net cash flows from financing activities		(2,479,954,146.00)	1,487,048,339.69
IV. Effect of foreign exchange rate changes on cash and cash equivalents		33,454,674.97	(16,942,841.65)
V. Net increase in cash and cash equivalents		(2,635,116,910.01)	2,094,469,478.42
Add: Balance of cash and cash equivalents at the beginning of the year		5,537,356,500.06	3,442,887,021.64
VI. Balance of cash and cash equivalents at the end of the year	44	2,902,239,590.05	5,537,356,500.06

BALANCE SHEET

31 December 2014

RMB

Assets	Note XIV	31 December 2014	31 December 2013
Current assets			
Cash and bank balances		1,822,290,708.54	3,837,282,306.32
Bills receivable		72,517,721.80	72,698,397.00
Accounts receivable	1	183,785,980.98	169,463,841.36
Prepayments		796,537.03	5,873,796.00
Dividends receivable		–	1,026,725.97
Other receivables	2	6,733,012.02	4,038,353.71
Inventories		192,956,545.00	186,235,861.51
Total current assets		2,279,080,505.37	4,276,619,281.87
Non-current assets			
Long-term equity investments	3	6,862,213,014.62	5,410,930,878.11
Available-for-sale financial assets	4	562,752,357.95	532,000,000.00
Investment properties		6,434,350.00	4,171,258.01
Fixed assets		6,053,974,129.01	6,723,195,363.40
Construction in progress		194,835,121.80	110,301,301.11
Intangible assets		421,171,167.45	438,999,888.31
Deferred tax assets		105,090,006.74	114,607,748.05
Other non-current assets		5,255,916.60	226,927,240.00
Total non-current assets		14,211,726,064.17	13,561,133,676.99
Total assets		16,490,806,569.54	17,837,752,958.86

BALANCE SHEET (CONTINUED)

31 December 2014

RMB

Liabilities and shareholders' equity	31 December 2014	31 December 2013
Current liabilities		
Short-term borrowings	1,503,906,160.15	2,950,000,000.00
Accounts payable	82,515,530.17	89,943,908.27
Deposits received	530,056,642.77	600,924,786.91
Employee benefits payable	80,459,955.11	118,984,390.93
Taxes payable	206,959,607.91	230,036,550.59
Interest payable	5,042,117.54	6,553,712.92
Dividends payable	1,141.91	–
Other payables	221,531,244.60	726,420,329.38
Non-current liabilities due within one year	310,000,000.00	248,000,000.00
Total current liabilities	2,940,472,400.16	4,970,863,679.00
Non-current liabilities		
Long-term borrowings	898,000,000.00	608,000,000.00
Deferred income	316,651,178.29	304,692,028.16
Total non-current liabilities	1,214,651,178.29	912,692,028.16
Total liabilities	4,155,123,578.45	5,883,555,707.16
Shareholders' equity		
Share capital	5,029,412,000.00	5,029,412,000.00
Capital reserve	4,500,194,317.96	4,499,315,247.38
Special reserve	10,188,279.91	28,331,321.62
Surplus reserve	884,067,369.62	683,251,214.57
Retained profits	1,911,821,023.60	1,713,887,468.13
Total shareholders' equity	12,335,682,991.09	11,954,197,251.70
Total liabilities and shareholders' equity	16,490,806,569.54	17,837,752,958.86

INCOME STATEMENT

For the year ended 2014

RMB

	Note XIV	2014	2013
Revenue	5	6,309,161,544.90	6,197,940,042.97
Less: Operating costs	5	3,376,361,483.07	3,382,404,317.29
Business tax and surcharges		31,770,338.70	136,691,312.44
Administrative expenses		802,561,112.51	753,303,653.41
Financial costs		122,391,322.12	195,879,458.97
Asset impairment loss		(10,030,115.45)	50,977,115.87
Add: Investment income	6	236,942,384.13	160,095,479.53
Including: investment income from associates and joint ventures		173,441,731.57	111,370,303.82
Operating profits		2,223,049,788.08	1,838,779,664.52
Add: Non-operating income		385,207,936.62	10,283,114.07
Including: Gain on disposal of non-current assets		4,945,957.55	217,529.92
Less: Non-operating expenses		14,862,371.54	41,713,782.19
Including: Losses on disposal of non-current assets		13,681,473.73	38,547,236.02
Total profit		2,593,395,353.16	1,807,348,996.40
Less: Income tax expenses		585,233,802.64	420,883,558.29
Net profit		2,008,161,550.52	1,386,465,438.11
Other comprehensive income		–	–
Total comprehensive income		2,008,161,550.52	1,386,465,438.11

STATEMENT OF CHANGES IN EQUITY

For the year ended 2014 and 2013

RMB

2014

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current year's opening balance	5,029,412,000.00	4,499,315,247.38	28,331,321.62	683,251,214.57	1,713,887,468.13	11,954,197,251.70
II. Changes during the year						
(I) Net profit	–	–	–	–	2,008,161,550.52	2,008,161,550.52
(II) Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	2,008,161,550.52	2,008,161,550.52
(III) Contributions from Shareholders						
1. Related expenses of issuance of H Shares	–	879,070.58	–	–	–	879,070.58
(IV) Profit distribution						
1. Appropriation to surplus reserves	–	–	–	200,816,155.05	(200,816,155.05)	–
2. Distribution to shareholders	–	–	–	–	(1,609,411,840.00)	(1,609,411,840.00)
(V) Special reserve						
1. Accrual	–	–	64,145,881.08	–	–	64,145,881.08
2. Usage	–	–	(82,288,922.79)	–	–	(82,288,922.79)
III. Current year's closing balance	5,029,412,000.00	4,500,194,317.96	10,188,279.91	884,067,369.62	1,911,821,023.60	12,335,682,991.09

2013

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current year's opening balance	4,275,000,000.00	2,241,364,860.32	19,386,424.51	544,604,670.76	2,646,318,573.83	9,726,674,529.42
II. Changes during the year						
(I) Net profit	–	–	–	–	1,386,465,438.11	1,386,465,438.11
(II) Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	1,386,465,438.11	1,386,465,438.11
(III) Contributions from Shareholders						
1. Proceeds raised from issuance of H Shares	754,412,000.00	2,366,787,231.19	–	–	–	3,121,199,231.19
2. Related expenses of issuance of H Shares	–	(108,836,844.13)	–	–	–	(108,836,844.13)
(IV) Profit distribution						
1. Appropriation to surplus reserves	–	–	–	138,646,543.81	(138,646,543.81)	–
2. Distribution to shareholders	–	–	–	–	(2,180,250,000.00)	(2,180,250,000.00)
(V) Special reserve						
1. Accrual	–	–	65,671,206.72	–	–	65,671,206.72
2. Usage	–	–	(56,726,309.61)	–	–	(56,726,309.61)
III. Current year's closing balance	5,029,412,000.00	4,499,315,247.38	28,331,321.62	683,251,214.57	1,713,887,468.13	11,954,197,251.70

STATEMENT OF CASH FLOWS

For the year ended 2014

RMB

	2014	2013
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	6,605,896,833.41	6,460,670,272.93
Cash received relating to other operating activities	378,790,664.54	40,498,449.88
Sub-total of cash inflows	6,984,687,497.95	6,501,168,722.81
Cash paid for goods and services	906,712,196.93	812,656,697.42
Cash paid to and on behalf of employees	2,177,643,014.17	2,046,865,516.46
Cash paid for all taxes	935,770,833.21	717,101,264.39
Cash paid relating to other operating activities	458,106,257.13	450,060,334.15
Sub-total of cash outflows	4,478,232,301.44	4,026,683,812.42
Net cash flows from operating activities	2,506,455,196.51	2,474,484,910.39
II. Cash flows from investing activities		
Cash received from return of investment	10,500,000.00	–
Cash received from disposal of subsidiaries and other entities	5,653,599.51	–
Cash received from investment income	170,814,725.97	182,236,175.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,344,336.27	4,636,871.40
Cash received relating to other investing activities	88,000,000.00	68,300,000.00
Sub-total of cash inflows	281,312,661.75	255,173,047.11
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	262,291,985.39	360,381,087.44
Cash paid for investments	1,243,994,046.00	1,265,000,000.00
Restricted funds deposited with financial institutions	215,280.00	–
Sub-total of cash outflows	1,506,501,311.39	1,625,381,087.44
Net cash flows from investing activities	(1,225,188,649.64)	(1,370,208,040.33)

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 2014

RMB

	2014	2013
III. Cash flows from financing activities		
Cash received from capital contribution	–	3,121,199,231.19
Cash received from borrowings	2,238,990,316.92	3,150,000,000.00
Cash received relating to other financing activities	–	343,391,284.94
Sub-total of cash inflows	2,238,990,316.92	6,614,590,516.13
Cash paid for repayments of borrowings	3,331,000,000.00	2,474,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	1,791,359,120.27	2,379,188,254.93
Cash paid relating to other financing activities	446,561,680.78	11,062,875.44
Sub-total of cash outflows	5,568,920,801.05	4,864,251,130.37
Net cash flows from financing activities	(3,329,930,484.13)	1,750,339,385.76
IV. Effect of foreign exchange rate changes on cash and cash equivalents	33,457,059.48	(16,901,748.80)
V. Net increase in cash and cash equivalents	(2,015,206,877.78)	2,837,714,507.02
Add: Balance of cash and cash equivalents at the beginning of the year	3,787,282,306.32	949,567,799.30
VI. Balance of cash and cash equivalents at the end of the year	1,772,075,428.54	3,787,282,306.32

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd.* (the "Company") is a joint stock company with limited liability incorporated in Hebei province, the People's Republic of China on 31 March 2008. The H Shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 12 December 2013. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in provision of port services including stevedoring, stacking, warehousing, transportation, and mainly handle coal as well as various types of cargo including oil and liquefied chemicals, metal ores and general cargo and containers.

The business scope of the Company includes provision of terminal facilities for vessels; provision of loading and discharging, warehousing, container stacking, less than container load services entrusted by the principal; provision of pushing and towing services for vessels entering and leaving port, berthing and shifting berth; lease, repair and maintenance of harbour facilities, equipment and machinery; provision of shore power for vessels, crew shuttling, provision of waste recovery, oil fence services (licence is valid until 25 March 2016); provision of power and electrical engineering installation, repair and maintenance services, power use management and technological upgrading within the harbour; self-owned buildings and premises leases; provision of computer engineering, network and software development services; harbour information and technology consultation services; cargo weighing; freight forwarding; ordinary freight; freight station (site) (logistics services); transport of special goods (containers); transport of dangerous goods (item 1, item 2 of the second category, the third category) (licence is valid until 30 November 2018); dealing with relevant procedures including application for the training, appraisal and certificates (other than Seaman's Book and overseas Seaman's Book) collection for the crew; managing the crew affairs for employing units of the crew, and relevant forwarding service such as provision of manning for the domestic sailing ships (licence is valid until 18 December 2018); enterprise management services; provision of harbour-related labor services; import and export services of goods (except those prohibited by the state or for which a prior approval should be obtained); (the operation of the following items are restricted to the branches only): provision of supplies purchasing services for the Company; provision of services of funds settlement and financial administration in relation to the Company; security services for harbour facilities; environmental landscaping and sanitary services; railway transport services within the harbour district (licence is valid until 29 June 2017); computer system services.

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

These financial statements have been approved by the board of directors of the Company by resolutions on 23 March 2015. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

The consolidation scope of these consolidated financial statements is determined on the basis of control, the changes in which during the year please refer to Note VI. Changes in Consolidation Scope.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of Preparation

The Company previously prepared its financial statements in accordance with International Financial Reporting Standards for information disclosure at the Hong Kong Stock Exchange. In accordance with the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" which was published by the Stock Exchange in December 2010, from this financial year, the Company decided to prepare its financial statements in accordance with "Accounting Standards for Business Enterprises" and the relevant regulations issued by the Ministry of Finance of the PRC, together with specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter (collectively referred to as "Accounting Standards for Business Enterprises"), for information disclosure at the Hong Kong Stock Exchange.

These financial statements have been prepared on a going concern basis.

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

* *For identification purpose only*

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

2. Adoption of Certain Revised/New Accounting Standards

The Ministry of Finance issued Accounting Standards for Business Enterprises No.39 – Fair Value Measurement, Accounting Standards for Business Enterprises No.40 – Joint Arrangements and Accounting Standards for Business Enterprises No.41 – Disclosure of Interests in Other Entities and revised Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments, Accounting Standards for Business Enterprises No.9 – Employee Benefits, Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements and Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements during the period from January to March 2014. The above seven accounting standards were effective from 1 July 2014, and enterprises listed overseas were encouraged to adopt these standards in advance. The Ministry of Finance revised the Accounting Standards for Business Enterprises No.37 – Presentation of Financial Instruments in June 2014, which will be implemented in the financial reports for 2014 or the periods after 2014.

The changes of accounting policies by reason of the adoption of the above accounting standards have been applied to the Group for the current year's financial statements and retrospective adjustments have been made to the comparative financial information.

The application of Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments (revised in 2014) has affected the Group's classification of equity instrument investments not quoted in an active market whose fair values cannot be reliably measured, which are accounted under the cost convention. According to this standard, the Group reclassified the above investments from long-term equity investments to available-for-sale financial assets. The opening balance at 1 January 2013 has been restated in these financial statements.

The impacts of retrospective adjustment as mentioned above made for the financial statements for the years 2014 and 2013 are as follows:

The Group

	Accounting Standard Adopted		
	Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments		
	Opening balance before adoption	(Revised in 2014)	Opening balance after adoption
2014			
Long-term equity investments	1,720,824,304.45	(681,623,657.00)	1,039,200,647.45
Available-for-sale financial assets	–	681,623,657.00	681,623,657.00
2013			
Long-term equity investments	1,684,803,000.75	(681,623,657.00)	1,003,179,343.75
Available-for-sale financial assets	–	681,623,657.00	681,623,657.00

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

2. Adoption of Certain Revised/New Accounting Standards (continued)

The Company

	Accounting Standard Adopted		
	Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments		
	Opening balance before adoption	(Revised in 2014)	Opening balance after adoption
2014			
Long-term equity investments	5,942,930,878.11	(532,000,000.00)	5,410,930,878.11
Available-for-sale financial assets	–	532,000,000.00	532,000,000.00
2013			
Long-term equity investments	4,921,912,939.69	(532,000,000.00)	4,389,912,939.69
Available-for-sale financial assets	–	532,000,000.00	532,000,000.00

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2014 and their financial performance and cash flows for 2014.

2. Accounting Period

The accounting year for the Group is from 1 January to 31 December of each calendar year.

3. Functional Currency

The Group's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB yuan.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business Combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the merging party, while that other entity participating in the combination is the merged party. The combination date is the date on which the merging party effectively obtains control of the merged party.

Assets and liabilities (including goodwill arising from the acquisition of the merged party by the ultimate controller) that are obtained by the merged party in a business combination under common control shall be accounted for based on their carrying amounts in the financial statements of the ultimate controller at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and fair value of equity interest in the acquiree held before the acquisition date exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognised as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and fair value of equity interest in the acquiree held before the acquisition date is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, reassessment of the measurement of these items is conducted first, if the sum of the fair value of this consideration and other items mentioned above is still lower than the fair value of the net assets acquired, the difference is recognised in profit or loss for the current period.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated Financial Statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 2014 of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company.

In preparation of consolidated financial statements, the subsidiaries use the same accounting year and accounting policies as those of the Company. All assets, liabilities, interests, income, fees and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against minority interests.

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing consolidated financial statements, adjustments shall be made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through a business combination under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination year. In preparing consolidated financial statements, adjustments shall be made to related items of prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

Where change in relevant facts and conditions lead to the change in one or more control elements, the Group will re-evaluate its control over the investee.

6. Classifications of Joint Arrangement and Joint Operations

Joint arrangement is classified as joint operations and joint ventures. Joint operation refers the joint arrangement which the joint venture parties entitled to the underlying assets of the relevant arrangement and assumed liabilities of the joint arrangements. Joint venture refers the joint arrangement which the joint venture party only entitled to the right of the net assets of the arrangements.

The joint venture parties recognise in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses, including its share of any expenses incurred jointly.

7. Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand for payment purposes. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign Currency Transactions and Translation of the Financial Statements Prepared in Foreign Currencies

The Group translates the amounts of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded on initial recognition, in their functional currencies, by applying to the foreign currency amounts at the spot exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss for the current period, except for those relating to foreign currency borrowings specifically for acquisition and construction of qualifying assets, which are capitalised in accordance with the principle of capitalisation of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing at the date on which the fair values are determined. The exchange differences thus resulted are recognised in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

Foreign currency cash flows are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

9. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognises and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

(1) the rights to receive cash flows from the asset have expired;

(2) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period as specified by regulations or conventions in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and derivatives designated as effective hedging instruments. A financial asset is recognised initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognised.

The subsequent measurement of financial assets depends on its category as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss for the current period. A financial asset held for trading is the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling in a short term; the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial assets are recognised in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is credited to profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment and derecognition are recognised in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kind of financial assets are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortization or impairment are recognised in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as any of the above categories at initial recognition. After initial recognition, available-for-sale financial assets are measured at fair value. The discount or premium is amortised using the effective interest method and recognised as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised as other comprehensive income, except that impairment losses and foreign exchange gains or losses resulted from monetary financial assets are recognised as profit or loss for the current period, until the financial asset is derecognised or determined to be impaired, at which time the accumulated gain or loss previously recognised is transferred to profit or loss for the current period. Dividends or interest income relating to an available-for-sale financial asset are recognised in profit or loss for the current period.

Investments in equity instruments without a quoted price from an active market and whose fair value cannot be reliably measured, are carried at cost.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into the following categories: financial liabilities at fair value through profit or loss, other financial liabilities and derivatives designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the amount initially recognised.

The subsequent measurement of financial liabilities depends on its category as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing it in a short term; the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial liabilities, fair values are adopted for subsequent measurement. All realised or unrealised gains or losses on these financial liabilities are recognised in profit or loss for the current period.

Other financial liabilities

After initial recognition, such kind of financial liabilities are measured at amortised cost by using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied: the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; the Group intends either to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously.

Impairment of financial assets

The Group assesses the carrying amount of every financial asset at the balance sheet date. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the financial asset and have an impact (which can be reliably estimated) on the expected future cash flows of the financial asset. Objective evidence that a financial asset is impaired includes: significant financial difficulty of the issuer or obligor; a breach of contract by the obligor, such as a default or delinquency in interest or principal payments; a higher probability that the obligor will enter bankruptcy or other financial reorganisation; and observable data indicating that there is a measurable decrease in the estimated future cash flows.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

If impairment on a financial asset has incurred, the carrying amount of the asset is reduced through an allowance amount to the present value of expected future cash flows (excluding future credit losses that have not been incurred). Impairment is recognised in profit or loss for the current period. The present value of expected future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral. Subsequent to the Group's recognition of impairment loss on a financial asset carried at amortised cost, the interest income is measured by applying the discounting rate in the future cash flows estimation when measuring the impairment loss.

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment is recognised in profit or loss for the current period if there is objective evidence of impairment. For a financial asset that is not individually significant, it is individually assessed for impairment. If no objective evidence of impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognised is not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortised cost, there is objective evidence of a recovery in value of the financial asset and the recovery can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss for the current period. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been at the date of reversal had the impairment loss not been provided for.

Available-for-sale financial assets

If there is objective evidence that an available-for-sale financial asset is impaired, the accumulated losses arising from decline in fair value previously recognised in other comprehensive income are removed and recognised in profit or loss for the current period. The accumulated losses that removed from other comprehensive income are the difference between the initial acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed with the amount of the reversal recognised in profit or loss for the current period.

Financial assets carried at cost

If there is objective evidence that such an asset is impaired, the difference between its carrying amount and the present value of expected future cash flows which are discounted at the current market interest rate is recognised as an impairment loss in profit or loss for the current period. Once an impairment loss is recognised, it is not reversed.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: if the Group has not retained control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

When the entity's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of the carrying amount of the asset and finance guarantee amount. The finance guarantee amount refers to the maximum amount of the consideration received that the entity could be required to repay.

10. Receivables

(1) Receivables that are individually significant and are provided for bad debts on individual basis

As at the balance sheet date, accounts receivable and other receivables greater than RMB10 million are considered as individually significant and are subject to separate impairment assessment. If there is objective evidence that an impairment loss has been incurred, an impairment loss is recognised and a bad debt provision is made based on the shortfall of the present value of estimated future cash flows as compared to the carrying amount of the receivables.

(2) Receivables for which provision of bad debts made by portfolio of credit risk characteristics

The Group determines the receivables group based on the aging as the credit risk characteristics. The provisions for bad debts of accounts receivable and other receivables are recorded based on the aging analysis and the accrual percentages are stated as follows:

	Accounts receivable Percentage of provision (%)	Other receivables Percentage of provision (%)
Within 1 year	5	5
1 to 2 years	10	10
2 to 3 years	30	30
Over 3 years	100	100

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (continued)

(3) Receivables that are individually insignificant but are provided for bad debts on individual basis

As at the balance sheet date, accounts receivable and other receivables falling below RMB10 million but with objective evidence that an impairment loss may have been incurred, are individually assessed for impairment loss. The impairment loss is recognised and bad debt provision is made based on the difference between the present value of future cash flows and the carrying amount of the receivables.

11. Inventories

Inventories include raw materials, fuels, spare parts, low-cost consumables, finished goods.

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Low-cost consumables and spare parts are amortised by using one-off amortisation method.

The Group adopts perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realisable value higher than their carrying amount, the amount of the write-down is reversed to the extent of the amount of the provision for the inventories and is recognised in profit or loss for the current period.

Net realisable value is the estimated selling price in the ordinary course of business deducted by the estimated costs to completion, the estimated selling expenses and the related taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained profits). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held prior to the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognised under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as financial instruments shall be transferred in full to current profit and loss upon the change to cost accounting. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost accounting method in the Company's financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or reduction of investments, the cost of long-term equity investments is adjusted. Cash dividends or profits declared to be distributed by the investee should be recognised as investment income in the current period.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term Equity Investments (continued)

The equity method is adopted in accounting for long-term equity investments when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making in the financial and operating policies of the investee but is not the power to control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, such excess is included in the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses, except that the assets invested or disposed of constitute a business, after making appropriate adjustments to the investee's net profits based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investor according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognised in full). The carrying amount of the long-term equity investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group shall discontinue recognizing its share of the losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in shareholders' equity of the investees (other than the net profits or losses, other comprehensive income and profit allocation of the investee), and includes the corresponding adjustment in equity.

On disposal of the long-term equity investments, the difference between book value and actual proceeds received is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred in full to current profit and loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to current profit and loss on a pro-rata basis. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss on a pro-rata basis.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment Properties

An investment property is a property held to earn rentals or for capital appreciation or both. Investment properties include land use rights leased out, land use rights held for transfer upon capital appreciation, and buildings leased out.

An investment property is measured initially at its cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property is included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss for the period in which they are incurred.

The Group uses the cost model for subsequent measurement of its investment properties. The accounting policy for depreciation or amortisation of investment properties is the same as that for buildings and land use rights.

14. Fixed Assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any other directly attributable expenditure for bringing the asset to working condition for its intended use.

Except for those fixed assets formed by using production safety fees appropriated, depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual value ratio and annual depreciation rate of fixed assets are as follows:

	Useful life	Estimated net residual value ratio	Annual depreciation rate
Buildings	20 – 35 years	3%	2.77 – 4.85%
Harbour facilities	20 – 30 years	3%	2.77 – 4.85%
Machinery and equipment	2 – 35 years	3%	2.77 -48.50%
Vessel and transportation equipment	2 – 10 years	3%	9.70 -48.50%
Office and other equipment	2 – 15 years	3%	6.47 -48.50%

Where individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and makes adjustments if necessary.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Construction in Progress

Construction in progress is recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalised borrowing costs on related borrowed funds before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets or intangible assets when the asset is ready for its intended use.

16. Borrowing Costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowings. Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Other borrowing costs are recognised in profit or loss for the current period. Assets qualifying for capitalisation refer to those assets (fixed assets, investment properties, inventories, etc.) necessarily taking a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

(1) expenditures for the asset are being incurred;

(2) borrowing costs are being incurred;

(3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss for the current period.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

(1) where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any temporary interest earned from deposits or investment income.

(2) where funds are borrowed for a general purpose, the amount of interest to be capitalised is determined by multiplying the weighted average of the excess amounts of accumulated expenditure on asset over the expenditure of specific-purpose borrowings by the weighted average interest rate.

Capitalisation of borrowing costs is suspended when the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, while the interruption lasts for more than three consecutive months. Borrowing costs incurred during these periods are recognised as expenses in profit or loss for the current period until the acquisition, construction or production is resumed.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible Assets

An intangible asset shall be recognised only when its related economic benefits will probably flow to the Group and its costs can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination with a fair value that can be measured reliably are recognised separately as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is estimated to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when the period over which the asset is estimated to generate economic benefits for the Group is uncertain.

The useful lives of the intangible assets are as follows:

	Useful lives
Land use rights	40 – 50 years
Sea area use rights	50 years
Software	5 – 10 years

The Group accounts for its land use rights as intangible assets. For buildings such as plants that are developed and constructed by the Group, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

Intangible assets with finite useful lives are amortised over the useful lives on the straight-line basis. The Group reviews the useful lives and the amortisation method of intangible assets with finite useful lives, and adjusts if appropriate, at least at the end of each year.

18. Asset Impairment

The impairment of an asset other than inventories, deferred income tax and financial assets is determined as follows:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group will estimate the recoverable amount of the asset and perform test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at the end of each year, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less disposal costs and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent from cash inflows of other assets or asset groups.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Asset Impairment (continued)

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is recognised in profit or loss for the current period and a provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or a set of asset groups that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding goodwill for impairment, i.e., it determines the recoverable amount and recognises any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, and the carrying amount of the related asset group or set of asset groups is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is less than its carrying amount, the amount of the impairment loss will be reduced firstly by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, based on the proportion of the carrying amount of each asset.

Once the above asset impairment loss is recognised, it cannot be reversed in the subsequent accounting periods.

19. Long-term Prepaid Expenses

Long-term prepaid expenses are amortised on a straight-line basis over the beneficial period.

20. Employee Benefits

Employee benefits are all forms of considerations given by the Group in exchange for services rendered by its employees or for the termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to employees' spouse, children, dependents, families of deceased employees and other beneficiaries also belong to employee benefits.

Short-term employee benefits

In the accounting period which services are rendered by the employees, short-term benefits are actually recognised as liabilities and charged to profit or loss or related costs of assets for the current period.

Post-employment benefits (defined contribution plans)

Employees of the Group participate in the endowment insurance plans managed by local governments, and the relevant expenditure is recognised, when incurred, in the cost of relevant asset or profit or loss for the current period.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Employee Benefits (continued)

Termination benefits

Where the Group provides termination benefits to its employees, the employee remuneration liabilities arising from termination benefits are recognised in profit or loss for the current period upon the occurrence of the earlier of the following: termination benefits provided as a result of termination of employment plan or downsizing proposal cannot be unilaterally withdrawn by an entity; or reorganisation-related costs or expenses involving payment of termination benefits are recognised by an entity.

Other long-term employee benefits

Other long-term benefits provided to the employees are net debt liabilities or net assets of other long-term employee benefits recognised or measured according to the requirements applicable to post-employment benefits. Changes arising from the measurement will be recognised in profit or loss or cost of relevant assets for the current period.

21. Revenues

Revenue shall be recognised only when the associated economic benefits will probably flow to the Group, with its amount being measured reliably, and all of the following conditions are satisfied.

Revenue from the sales of goods

The Group recognises the revenue from the sales of goods when it has transferred the significant risks and rewards of ownership of the goods to the buyer, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sales of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except those unfair considerations received or receivable under contract or agreement. Where the consideration receivable under contract or agreement is deferred so that the arrangement is in substance of a financing nature, the amount of revenue arising on the sales of goods is measured at the fair value of the consideration receivable.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognised according to the percentage of completion, or otherwise, the revenue is recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; the associated economic benefits will probably flow to the Group; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably. The stage of completion is determined by the proportion that costs incurred to date bear to the estimated total costs of the transaction. The total service revenue on a transaction involving the rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except those unfair considerations received or receivable under contract or agreement.

When the Group has entered into a contract or agreement with other enterprises comprising both sales of goods and rendering of services, if the sales of goods and the rendering of services can be separately identified and measured, they are accounted for separately; if the sales of goods and the rendering of services cannot be separately identified, or can be separately identified but cannot be separately measured, the contract is treated as the sales of goods.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Revenues (continued)

Lease income

Rental income from operating leases is recognised on a straight-line basis over the lease term. Contingent rental incomes are credited to profit or loss in the current period in which they actually arise.

Interest income

Interest income is determined according to the length of time for which the Group's cash is in use by other parties and the effective interest rate.

22. Government Grants

Government grants are recognised when all respective conditions will be complied with and the grant will be received. The government grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably determined, it should be measured at nominal value.

In accordance with the stipulations of the government documents, government grants applied towards acquisition or construction or the formation of long-term assets in other manners are asset-related government grants. Those unspecified in the documents refer to the exercise of judgement based on the basic conditions for receiving the asset-related grant applied towards acquisition or construction or the formation of long-term assets in other manners. All other grants are recognised as income-related government grants.

Government grants, relating to income and applied towards reimbursement of related costs or losses in subsequent periods, are recognised as deferred income and taken to profit or loss for the period in which the related costs are recognised. Government grants, applied towards reimbursement of related costs or losses already incurred, are directly recognised in profit or loss for the current period. Asset-related grant is recognised as a deferred income and credited in profit or loss for the current period and allocated over the expected useful life of the relevant asset by equal instalment. Where the grant is measured at nominal value, it is directly recognised in profit or loss for the current period.

23. Income Tax

Income tax comprises current and deferred income tax. Income tax is recognised as an expense or income in profit or loss for the current period, or otherwise recognised directly in shareholders' equity if it arises from goodwill on a business combination or relates to a transaction or event which is recognised directly in shareholders' equity.

The Group measures a current tax liability or asset arising from the current and prior periods based on the amount of income tax estimated to be paid or returned and calculated in accordance with the requirements of relevant tax laws.

The Group recognises deferred tax based on temporary differences using balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying amounts and tax bases of items not recognised as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Income Tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

(1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss.

(2) in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred income tax asset is recognised for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilised, except:

(1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss.

(2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred income tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised in the future.

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is recovered or the liability is settled, according to the requirements of tax laws. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred income tax assets is reviewed at the balance sheet date and reduced to the extent that taxable profit is no longer sufficient in future periods to allow the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset and the net amount reported if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Lease

A finance lease is a lease that transfers in substance all the risks and rewards of ownership of an asset. An operating lease is a lease other than a finance lease.

In the case of being the lessee of an operating lease

Rental payments under an operating lease are recognised on a straight-line basis over the lease terms, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rental payments are charged to profit or loss in the period in which they actually arise.

In the case of being the lessor of an operating lease

Rent income under an operating lease is recognised on a straight-line basis over the lease terms through profit or loss. Contingent rental incomes are credited to profit or loss in the period in which they actually arise.

25. Profit Distribution

Cash dividend of the Company is recognised as a liability upon being approved in the shareholders' general meeting.

26. Production Safety Cost

Production safety cost appropriated pursuant to the related regulations is recognised in the cost of the relevant products or in profit or loss for the current period, and also in the specialised reserve. The cost shall be handled according to whether a fixed asset is formed. The cost incurred through expenditure will be reduced directly from the specialised reserve. The cost incurred for a fixed asset shall be pooled and recognised as a fixed asset when it reaches the working condition for its intended use; meanwhile an equivalent amount shall be deducted from the specialised reserve and recognised as accumulated depreciation.

27. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, the management has made the following judgments, which have significant effects on the amounts recognised in the financial statements:

Operating lease – as lessor

The Group has entered into leases agreements on its investment property portfolio. The Group has determined, based on the terms of the leases agreements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Significant Accounting Judgments and Estimates (continued)

Uncertainty of estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may cause a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are discussed below.

Useful lives and residual values of fixed assets

The Group's management determines the estimated useful lives and residual values of fixed assets and related depreciation charges. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets with similar nature and functions. It can change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives and residual values are less than previous estimations, or it will write off or write down the fixed assets technically obsolete or abandoned or sold.

Impairment of accounts receivable and other receivables

The impairment of accounts receivable and other receivables is based on the evaluation of the collectability of the outstanding accounts receivable and other receivables. The management's judgment and estimation are required in the recognition of the impairment of accounts receivable and other receivables. Provisions for impairment will be made where there is objective evidence that such receivables are not collectible. If the actual results or future expectation differ from the original estimate, such differences will affect the carrying amount of accounts receivable and other receivables and bad debt provisions/reversal in the period in which the estimate changes.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indication of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there is indication that the carrying amounts may not be recoverable. Impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less disposal costs and the present value of the future cash flows. The calculation of the fair value less disposal costs 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 present value of future cash flows calculations are undertaken, the management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgments are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

IV. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax ("VAT")	–	The Group is subject to VAT at tax rate of 17% on the taxable sales. The VAT payable is determined by the output VAT net of deductible input VAT for the current period.
	–	From 1 August 2013, according to the Circular on Tax Policies in the Nationwide Pilot Practice of Levying VAT in Lieu of Business Tax on the Transportation Industry and Some Modern Services Industries (關於在全國開展交通運輸業和部份現代服務業營業稅改徵增值稅試點稅收政策的通知), which is jointly published by the Ministry of Finance of the People's Republic of China and the State Administration of Taxation on 27 May 2013, the Group's related port service revenues are taxable to VAT which replaces business taxation. The applicable tax rate is 6%, and is levied after deducting deductible input VAT for the current period.
Business tax	–	It is levied at 3% – 5% of the taxable business turnover.
City maintenance and construction tax	–	It is levied at 7% of VAT and business tax paid actually.
Enterprise income tax	–	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences.
Property tax	–	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income of the properties.

2. Tax Preferences

Enterprise income tax

As recognised by relevant government authorities, Cangzhou Bohai enjoys tax preferences for public infrastructure projects under the key support of the state. Income of Cangzhou Bohai from investing or operating any public infrastructure projects under the key support of the state shall be exempted from the enterprise income tax for the first to the third year since 2010, the tax year when the first revenue arising from production or operation it is attributable to, and is entitled to 50% relief in enterprise income tax from the fourth to the sixth year.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	2014	2013
Cash on hand	33,015.11	98,063.72
Bank deposits	3,095,442,654.94	5,945,168,633.23
	3,095,475,670.05	5,945,266,696.95
Less: Restricted bank deposits	215,280.00	–
Time deposits with maturity of more than three months	193,020,800.00	407,910,196.89
Cash and cash equivalents	2,902,239,590.05	5,537,356,500.06

As at 31 December 2014, the ownership of the bank deposits of the payment guarantee deposits amounting to RMB215,280.00 (31 December 2013: nil) of the Group due to project construction was subject to restriction.

As at 31 December 2014, the cash and bank balances deposited overseas by the Group were equivalent to RMB30,061,189.06 (31 December 2013: RMB2,198,073,356.52).

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term time deposits vary from 7 days to 6 months depending on the cash requirements of the Group and earn interest at the respective deposit rates.

2. Bills Receivable

	2014	2013
Commercial acceptance notes	5,259,181.00	–
Bank acceptance notes	70,558,540.80	72,698,397.00
	75,817,721.80	72,698,397.00

As at 31 December 2014, no bills receivable of the Group was pledged (31 December 2013: nil).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Bills Receivable (continued)

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

	2014		2013	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	10,458,063.03	–	6,600,000.00	–

3. Dividends Receivable

	2014	2013
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	–	1,026,725.97

4. Accounts Receivable

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest.

An aged analysis of the accounts receivable is as follows:

	2014	2013
Within 1 year	193,664,524.88	177,771,380.35
1 to 2 years	26,003,621.74	22,613,968.49
2 to 3 years	–	–
Over 3 years	1,655,441.05	1,660,647.05
	221,323,587.67	202,045,995.89
Provision for bad debts	(13,220,501.10)	(12,858,380.85)
	208,103,086.57	189,187,615.04

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts Receivable (continued)

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

	2014	2013
Opening balance	12,858,380.85	10,070,074.32
Provision in the current year	9,777,729.39	6,056,675.64
Reversal in the current year	(9,411,549.99)	(3,268,369.11)
Write-off in the current year	(4,059.15)	–
Closing balance	13,220,501.10	12,858,380.85

	2014				2013			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	193,664,524.88	87.50	8,986,865.71	5	177,771,380.35	87.99	8,936,336.95	5
1 to 2 years	26,003,621.74	11.75	2,578,194.34	10	22,613,968.49	11.19	2,261,396.85	10
2 to 3 years	–	–	–	–	–	–	–	–
Over 3 years	1,655,441.05	0.75	1,655,441.05	100	1,660,647.05	0.82	1,660,647.05	100
	221,323,587.67	100.00	13,220,501.10		202,045,995.89	100.00	12,858,380.85	

As at 31 December 2014 and 31 December 2013, the Group performed the impairment test in respect of single accounts receivable that was significant, and considered there was no need for the provision for bad debts separately. The Group grouped these accounts receivable and made the provision for bad debts in the method of ageing analysis.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other Receivables

An aged analysis of other receivables is as follows:

	2014	2013
Within 1 year	40,702,700.97	76,335,693.49
1 to 2 years	2,431,884.00	301,592.74
2 to 3 years	106,300.00	425,081.24
Over 3 years	45,525,121.24	56,598,275.20
	88,766,006.21	133,660,642.67
Less: Provision for bad debts of other receivables	(46,061,804.61)	(60,639,880.12)
	42,704,201.60	73,020,762.55

The movements in provision for bad debts of other receivables are as follows:

	Opening balance	Provision for the year	Decrease during the year: Reversal	Decrease during the year: Write-off	Closing balance
2014	60,639,880.12	310,030.48	(14,873,955.31)	(14,150.68)	46,061,804.61
2013	39,492,550.57	44,506,202.15	(23,141,872.60)	(217,000.00)	60,639,880.12

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

	2014				2013			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	40,702,700.97	45.85	265,063.37	1	76,335,693.49	57.11	3,883,921.28	5
1 to 2 years	2,431,884.00	2.74	239,730.00	10	301,592.74	0.23	30,159.27	10
2 to 3 years	106,300.00	0.12	31,890.00	30	425,081.24	0.32	127,524.37	30
3 to 4 years	24,581.24	0.03	24,581.24	100	56,003,540.00	41.90	56,003,540.00	100
4 to 5 years	45,500,540.00	51.26	45,500,540.00	100	594,735.20	0.44	594,735.20	100
	88,766,006.21	100.00	46,061,804.61		133,660,642.67	100.00	60,639,880.12	

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other Receivables (continued)

Other receivables by nature are as follows:

	2014	2013
Equity transfer consideration	45,500,540.00	56,000,540.00
Government grants	33,323,300.00	–
Deposits	4,058,977.01	3,072,568.00
Utilities	1,779,172.50	71,866,089.52
Others	4,104,016.70	2,721,445.15
	88,766,006.21	133,660,642.67

As at 31 December 2014, the government grants receivable were as follows:

	Grant project	Amount	Payment date	Expected receiving time, amount and basis
Administration Commission of Bohai New Zone in Cangzhou City	Subsidy to container amount	33,323,300.00	Within 1 year	Bo Xin Guan Zi [2012] No. 25 (渤新管字[2012]25號) Expected to receive in 2015

6. Prepayments

An aged analysis of prepayments is as follows:

	2014		2013	
	Amount	Percentage(%)	Amount	Percentage(%)
Within 1 year	6,058,258.14	87.66	11,695,997.50	94.70
1 to 2 years	230,000.00	3.33	654,145.04	5.30
2 to 3 years	623,015.00	9.01	–	–
	6,911,273.14	100.00	12,350,142.54	100.00

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

	2014			2013		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	93,717,523.41	–	93,717,523.41	81,481,180.82	–	81,481,180.82
Fuels	10,059,532.13	–	10,059,532.13	15,678,199.87	–	15,678,199.87
Spare parts	92,745,132.74	–	92,745,132.74	87,808,679.42	–	87,808,679.42
Low-cost consumables	1,993,475.35	–	1,993,475.35	2,349,490.41	–	2,349,490.41
Finished goods	1,146,268.63	–	1,146,268.63	3,018,271.84	–	3,018,271.84
	199,661,932.26	–	199,661,932.26	190,335,822.36	–	190,335,822.36

8. Other Current Assets

	2014	2013
Accumulated deductible value-added taxes	136,610,050.20	3,821,820.71
Prepaid enterprise income tax	17,555,932.26	5,438,157.68
	154,165,982.46	9,259,978.39

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term Equity Investments

2014

	Opening balance	Increase/(decrease) during the year: Increase in investment	Share of (losses)/profits	Decrease in investment	Declaration of cash dividend	Other equity movements	Provision for impairment	Closing carrying amount	Year-end provision for impairment
Unlisted investments									
Equity method:									
Joint ventures									
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司)	2,301,844.66	–	673,584.51	(2,737,429.17)	(238,000.00)	–	–	–	–
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	–	100,000,000.00	–	–	–	–	–	100,000,000.00	–
Qinhuangdao Wanhui Logistics Co., Ltd. (秦皇島萬匯物流有限公司)	2,692,373.16	–	–	(2,692,373.16)	–	–	–	–	–
Sub-total	4,994,217.82	100,000,000.00	673,584.51	(5,429,802.33)	(238,000.00)	–	–	100,000,000.00	–
Associates									
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,273,387.63	–	(22,999.57)	–	–	–	–	2,250,388.06	–
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	–	200,000,000.00	3,167,579.17	–	–	–	–	203,167,579.17	–
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	903,951,307.60	–	170,487,587.36	–	(105,000,000.00)	1,539,663.84	–	970,978,558.80	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	–	–	–	–	–	–	20,000,000.00	–
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	40,000,000.00	33,330,000.00	16,265.51	–	–	–	–	73,346,265.51	–
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) (Note)	30,045,969.74	–	(58,691.17)	(29,987,278.57)	–	–	–	–	–
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	37,935,764.66	–	(805,328.73)	–	–	–	–	37,130,435.93	–
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	–	64,161,188.79	–	–	–	–	–	64,161,188.79	–
Sub-total	1,034,206,429.63	297,491,188.79	172,784,412.57	(29,987,278.57)	(105,000,000.00)	1,539,663.84	–	1,371,034,416.26	–
Total	1,039,200,647.45	397,491,188.79	173,457,997.08	(35,417,080.90)	(105,238,000.00)	1,539,663.84	–	1,471,034,416.26	–

Note: Please refer to 10. Available-for-sale financial assets of Note V.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term Equity Investments (continued)

2013

	Opening balance	Increase/(decrease) during the year: Increase in investment	Share of (losses) /profits	Decrease in investment	Declaration of cash dividend	Other equity movements	Provision for impairment	Closing carrying amount	Year-end provision for impairment
Unlisted investments									
Equity method:									
Joint ventures									
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司)	2,544,479.58	–	268,365.08	–	(511,000.00)	–	–	2,301,844.66	–
Qinhuangdao Wanhui Logistics Co., Ltd. (秦皇島萬匯物流有限公司)	2,689,007.88	–	3,365.28	–	–	–	–	2,692,373.16	–
Sub-total	5,233,487.46	–	271,730.36	–	(511,000.00)	–	–	4,994,217.82	–
Associates									
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,274,491.44	–	(1,103.81)	–	–	–	–	2,273,387.63	–
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	920,671,364.85	–	113,121,308.15	–	(133,000,000.00)	3,158,634.60	–	903,951,307.60	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	–	–	–	–	–	–	20,000,000.00	–
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	40,000,000.00	–	–	–	–	–	–	40,000,000.00	–
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	15,000,000.00	15,000,000.00	45,969.74	–	–	–	–	30,045,969.74	–
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	–	40,000,000.00	(2,064,235.34)	–	–	–	–	37,935,764.66	–
Sub-total	997,945,856.29	55,000,000.00	111,101,938.74	–	(133,000,000.00)	3,158,634.60	–	1,034,206,429.63	–
Total	1,003,179,343.75	55,000,000.00	111,373,669.10	–	(133,511,000.00)	3,158,634.60	–	1,039,200,647.45	–

As at 31 December 2014 and 31 December 2013, all of the long-term equity investments of the Group were unlisted investments.

As at 31 December 2014, the Group had no unrecognised investment loss (31 December 2013: nil).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Available-for-sale Financial Assets

	2014	2013
Unlisted investments		
Available-for-sale equity instruments	710,376,014.95	681,623,657.00

As at 31 December 2014, the equity investments held by the Group in unlisted companies in the PRC are stated at cost, because these investments are not quoted in an active market and the fair values cannot be reliably measured. The Group does not intend to dispose of these investments. The details are as follows:

Investee	Shareholding	31 December 2013	Increase in the year	Decrease in the year	31 December 2014	Cash dividend for the year
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	15.00%	498,000,000.00	–	–	498,000,000.00	60,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	17.00%	36,000,000.00	–	2,000,000.00	34,000,000.00	1,260,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) (Note)	12.94%	–	30,752,357.95	–	30,752,357.95	–
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	10.00%	701,747.00	–	–	701,747.00	–
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	16.00%	65,040,000.00	–	–	65,040,000.00	–
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	18.00%	81,881,910.00	–	–	81,881,910.00	1,545,488.61
Total		681,623,657.00	30,752,357.95	2,000,000.00	710,376,014.95	62,805,488.61

Note: Due to the unilateral capital contribution by controlling shareholders of Cangzhou Huanghuagang Steel Logistics Co., Ltd. in the year, shareholding of the Company therein decreased from original 30.00% to 12.94% and the Company no longer maintains a significant influence over it. Based on the evaluated fair value of RMB30,752,357.95 of the proportion of net assets attributable to the Company as at the date ceasing to maintain a significant influence, the investment was reclassified as available-for-sale financial assets for accounting purpose, and revaluation gains of RMB765,079.38 were recognised.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investment Properties

Land use right

	2014	2013
Cost		
Opening balance	4,695,600.01	6,520,800.00
Transferred from intangible assets	2,714,399.99	–
Transferred to intangible assets during the year	–	(1,825,199.99)
Closing balance	7,410,000.00	4,695,600.01
Accumulated depreciation		
Opening balance	524,342.00	597,740.00
Provision for the year	102,960.00	127,374.00
Transferred from intangible assets	348,348.00	–
Transferred to intangible assets during the year	–	(200,772.00)
Closing balance	975,650.00	524,342.00
Carrying amounts		
Opening balance	4,171,258.01	5,923,060.00
Closing balance	6,434,350.00	4,171,258.01

The above investment properties are all in PRC and held under medium term lease.

As at 31 December 2014, the above investment properties were all leased out under operating leases.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed Assets

2014

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2014	2,493,844,446.75	6,897,063,716.60	7,134,954,311.26	545,403,232.58	202,001,126.91	17,273,266,834.10
Purchase	–	–	55,100.00	1,201,018.00	1,152,943.40	2,409,061.40
Transferred from construction in progress	303,032,264.50	511,242,645.70	281,059,070.92	11,898,876.44	9,818,367.09	1,117,051,224.65
Transferred to construction in progress due to renovation and retrofitting	(3,308,139.00)	–	(2,524,933.62)	–	–	(5,833,072.62)
Foreign investments transferred out	–	–	–	(89,815,434.11)	–	(89,815,434.11)
Decrease due to disposal of subsidiaries	–	–	–	(495,000.00)	(2,997,808.51)	(3,492,808.51)
Disposal for the year	(10,572,863.00)	(947,940.00)	(20,863,916.04)	(18,992,858.00)	(4,756,844.90)	(56,134,421.94)
31 December 2014	2,782,995,709.25	7,407,358,422.30	7,392,679,632.52	449,199,834.91	205,217,783.99	18,237,451,382.97
Accumulated depreciation						
1 January 2014	655,047,925.17	866,191,757.23	3,483,657,124.30	255,868,795.42	139,143,541.16	5,399,909,143.28
Provision for the year (Note)	128,221,164.85	276,407,149.67	606,169,767.14	48,537,111.24	17,708,940.72	1,077,044,133.62
Transferred to construction in progress due to renovation and retrofitting	(3,208,894.83)	–	(1,258,976.29)	–	–	(4,467,871.12)
Foreign investments transferred out	–	–	–	(18,194,992.59)	–	(18,194,992.59)
Decrease due to disposal of subsidiaries	–	–	–	(283,547.31)	(1,920,360.00)	(2,203,907.31)
Disposal for the year	(3,697,075.56)	(84,836.06)	(14,293,998.94)	(18,385,380.24)	(4,538,704.18)	(40,999,994.98)
31 December 2014	776,363,119.63	1,142,514,070.84	4,074,273,916.21	267,541,986.52	150,393,417.70	6,411,086,510.90
Provision for impairment						
1 January 2014 and 31 December 2014	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Carrying amounts of fixed assets						
31 December 2014	2,006,632,589.62	6,264,844,351.46	3,309,836,566.11	181,657,848.39	54,737,041.34	11,817,708,396.92

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed Assets (continued)

2013

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2013	2,179,362,394.94	5,186,421,830.79	6,674,280,647.92	475,079,545.79	195,070,781.47	14,710,215,200.91
Purchase	2,844,471.76	–	302,817.11	731,941.00	751,293.24	4,630,523.11
Transferred from construction in progress	232,848,689.91	1,710,898,398.81	737,666,459.49	76,052,140.79	10,726,583.20	2,768,192,272.20
Reclassification	82,163,017.14	–	(82,163,017.14)	–	–	–
Disposal for the year	(3,374,127.00)	(256,513.00)	(195,132,596.12)	(6,460,395.00)	(4,547,531.00)	(209,771,162.12)
31 December 2013	2,493,844,446.75	6,897,063,716.60	7,134,954,311.26	545,403,232.58	202,001,126.91	17,273,266,834.10
Accumulated depreciation						
1 January 2013	500,799,200.87	633,545,297.00	3,119,199,585.12	210,160,245.28	118,065,417.77	4,581,769,746.04
Provision for the year (Note)	105,388,879.12	232,698,297.23	569,547,504.01	51,917,525.62	25,149,473.52	984,701,679.50
Reclassification	50,040,482.46	–	(50,040,482.46)	–	–	–
Disposal for the year	(1,180,637.28)	(51,837.00)	(155,049,482.37)	(6,208,975.48)	(4,071,350.13)	(166,562,282.26)
31 December 2013	655,047,925.17	866,191,757.23	3,483,657,124.30	255,868,795.42	139,143,541.16	5,399,909,143.28
Provision for impairment						
1 January 2013	–	–	–	–	–	–
Provision for the year	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Transferred out during the year	–	–	–	–	–	–
31 December 2013	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Carrying amounts of fixed assets						
31 December 2013	1,838,796,521.58	6,030,871,959.37	3,642,728,036.76	289,534,437.16	62,770,260.80	11,864,701,215.67

Note: In 2014, depreciation of RMB2,973,458.90 (2013: RMB2,244,036.64) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 31 December 2014, the Group has no fixed assets which were temporarily idle (31 December 2013: nil).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed Assets (continued)

Fixed assets leased out under operating leases are as follows:

	2014	2013
Terminal facilities	72,293,731.39	–
Machinery and equipment	64,573,878.80	185,482,702.22
Buildings	3,152,936.47	–
Vessels and transportation equipment	1,746,900.00	1,267,875.00
	141,767,446.66	186,750,577.22

13. Construction in Progress

	2014			2013		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	4,535,296,611.47	–	4,535,296,611.47	3,407,203,680.44	–	3,407,203,680.44
Phase 2 of coal terminal project in Caofeidian	4,313,504,767.56	–	4,313,504,767.56	3,978,761,760.34	–	3,978,761,760.34
Commencing project of complex port zone in Huanghua Port	201,654,577.63	–	201,654,577.63	776,362,061.20	–	776,362,061.20
Construction project of wind-proof net for coal stacking yards	94,021,567.00	–	94,021,567.00	12,706,146.00	–	12,706,146.00
Stackers for Phase Three coal project	35,957,093.28	–	35,957,093.28	22,463,994.95	–	22,463,994.95
Renovation project for reutilisation of wastewater with dust	13,996,250.62	–	13,996,250.62	320,500.00	–	320,500.00
System retrofitting of dumpers for Phase Four coal project	8,468,571.93	–	8,468,571.93	4,862,811.43	–	4,862,811.43
Reinforcing renovation for structures of terminals	8,051,858.07	–	8,051,858.07	23,258,583.00	–	23,258,583.00
Renovation of water sprinkler for Phase Four coal project and expansion project of stacking yards	–	–	–	12,189,415.00	–	12,189,415.00
Gantry crane with bucket	–	–	–	9,401,709.36	–	9,401,709.36
First project of oil pipeline renovation	–	–	–	8,770,092.57	–	8,770,092.57
Others	43,729,401.53	–	43,729,401.53	17,007,720.85	–	17,007,720.85
Total	9,254,680,699.09	–	9,254,680,699.09	8,273,308,475.14	–	8,273,308,475.14

Management of the Company is of the opinion that no provision for impairment of construction in progress was necessary as at the balance sheet date.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in Progress (continued)

2014

	Budget	Opening balance	Increase in the year	Transferred from fixed assets during the year	Transferred to fixed assets and intangible assets during the year	Decrease due to deposal of subsidiaries	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	3,978,761,760.34	335,780,461.60	–	(1,037,454.38)	–	4,313,504,767.56	Loans from financial institutes and self-owned capital	80
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	3,407,203,680.44	1,129,717,828.78	–	(1,624,897.75)	–	4,535,296,611.47	Funds raised, loans from financial institutes and self-owned capital	78
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	776,362,061.20	712,469,909.05	–	(1,287,177,392.62)	–	201,654,577.63	Loans from financial institutes and self-owned capital	87
Reinforcing renovation for structures of terminals	57,600,000.00	23,258,583.00	11,535,247.00	–	(26,741,971.93)	–	8,051,858.07	Self-owned capital	60
Stackers for Phase Three coal project	54,000,000.00	22,463,994.95	13,493,098.33	–	–	–	35,957,093.28	Self-owned capital and other resources	67
Construction project of wind-proof net for coal stacking yards	378,000,000.00	12,706,146.00	81,315,421.00	–	–	–	94,021,567.00	Self-owned capital	63
Renovation of water sprinkler for Phase Four coal project and expansion project of stacking yards	25,710,000.00	12,189,415.00	10,667,753.74	–	(22,857,168.74)	–	–	Self-owned capital	89
Gantry crane with bucket	13,800,000.00	9,401,709.36	2,504,736.40	–	(11,906,445.76)	–	–	Self-owned capital	86
First project of oil pipeline renovation	13,440,000.00	8,770,092.57	4,213,870.43	–	(12,983,963.00)	–	–	Self-owned capital	97
System retrofitting of dumpers for Phase Four coal project	425,000,000.00	4,862,811.43	12,298,548.00	–	(8,692,787.50)	–	8,468,571.93	Loans from financial institutes, self-owned capital and other resources	78
Renovation project for reutilisation of wastewater with dust	43,080,000.00	320,500.00	13,675,750.62	–	–	–	13,996,250.62	Self-owned capital	32
Others	697,303,495.73	17,007,720.85	77,312,487.07	1,365,201.50	(47,214,673.93)	(4,741,333.96)	43,729,401.53		
Total	20,483,355,041.46	8,273,308,475.14	2,404,985,112.02	1,365,201.50	(1,420,236,755.61)	(4,741,333.96)	9,254,680,699.09		

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in Progress (continued)

2013

	Budget	Opening balance	Increase in the year	Transferred to fixed assets and intangible assets during the year	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	3,599,601,283.82	380,804,933.23	(1,644,456.71)	3,978,761,760.34	Loans from financial institutes and self-owned capital	74
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	283,501,955.60	3,126,384,985.95	(2,683,261.11)	3,407,203,680.44	Loans from financial institutes and self-owned capital	62
Commencing project of complex port zone in Huanghua Port	7,332,746,800.00	2,014,990,706.68	631,647,158.92	(1,870,275,804.40)	776,362,061.20	Loans from financial institutes and self-owned capital	79
Reinforcing renovation for structures of terminals	57,600,000.00	2,291,000.00	20,967,583.00	–	23,258,583.00	Self-owned capital	40
Stackers for Phase Three coal project	54,000,000.00	15,000.00	22,448,994.95	–	22,463,994.95	Self-owned capital and other resources	42
Construction project of wind-proof net for coal stacking yards	378,000,000.00	34,529,736.00	33,307,530.00	(55,131,120.00)	12,706,146.00	Self-owned capital	42
Renovation of water sprinkler for Phase Four coal project and expansion project of stacking yards	25,710,000.00	2,760.00	12,186,655.00	–	12,189,415.00	Self-owned capital	47
Gantry crane with bucket	13,800,000.00	–	9,401,709.36	–	9,401,709.36	Self-owned capital	68
First project of oil pipeline renovation	13,440,000.00	–	8,770,092.57	–	8,770,092.57	Self-owned capital	65
System retrofitting of dumpers for Phase Four coal project	425,000,000.00	1,424,640.00	319,767,561.43	(316,329,390.00)	4,862,811.43	Loans from financial institutes, self-owned capital and other resources	76
Others	690,419,427.00	279,619,660.22	264,350,937.19	(526,642,376.56)	17,328,220.85		
Total	20,210,435,080.83	6,215,976,742.32	4,830,038,141.60	(2,772,706,408.78)	8,273,308,475.14		

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in Progress (continued)

2014

	Progress of project	Accumulated amounts of capitalised interest	Including: Capitalised interest for the year	Ratio of capitalised interest for the year
Commencing project of complex port zone in Huanghua Port	87%	540,325,004.64	14,634,966.89	5.54%-5.90%
Phase 2 of coal terminal project in Caofeidian	80%	445,109,491.39	160,354,052.98	5.90%-6.88%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	78%	203,426,827.46	113,610,305.74	6.00%-7.21%
		1,188,861,323.49	288,599,325.61	

2013

	Progress of project	Accumulated amounts of capitalised interest	Including: Capitalised interest for the year	Ratio of capitalised interest for the year
Commencing project of complex port zone in Huanghua Port	79%	525,690,037.75	76,715,061.66	5.90%-6.55%
System retrofitting of dumpers for Phase Four coal project	76%	8,718,240.00	8,718,240.00	5.54%-6.15%
Phase 2 of coal terminal project in Caofeidian	74%	284,755,438.41	140,256,942.85	5.90%-6.88%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	62%	89,816,521.72	75,245,566.72	6.00%-6.55%
		908,980,237.88	300,935,811.23	

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible Assets

31 December 2014

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2014	605,115,942.74	68,484,428.00	103,311,580.60	776,911,951.34
Purchase for the year	–	43,305.96	29,505.00	72,810.96
Transferred from construction in progress	–	5,456,991.06	297,728,539.90	303,185,530.96
Decrease due to disposal of subsidiaries	–	(812,800.00)	–	(812,800.00)
Transferred to investment properties during the year	(2,714,399.99)	–	–	(2,714,399.99)
31 December 2014	602,401,542.75	73,171,925.02	401,069,625.50	1,076,643,093.27
Accumulated amortisation				
1 January 2014	63,660,561.92	48,354,341.67	2,788,756.67	114,803,660.26
Provision for the year (Note)	12,736,128.96	7,606,001.79	2,132,637.48	22,474,768.23
Decrease due to disposal of subsidiaries	–	(528,400.27)	–	(528,400.27)
Transferred to investment properties during the year	(348,348.00)	–	–	(348,348.00)
31 December 2014	76,048,342.88	55,431,943.19	4,921,394.15	136,401,680.22
Carrying amounts				
31 December 2014	526,353,199.87	17,739,981.83	396,148,231.35	940,241,413.05

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible Assets (continued)

31 December 2013

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2013	603,290,742.75	63,906,722.18	84,317,707.60	751,515,172.53
Purchase for the year	–	63,569.24	18,993,873.00	19,057,442.24
Transferred from construction in progress	–	4,514,136.58	–	4,514,136.58
Transferred from investment properties	1,825,199.99	–	–	1,825,199.99
31 December 2013	605,115,942.74	68,484,428.00	103,311,580.60	776,911,951.34
Accumulated amortisation				
1 January 2013	50,748,074.96	40,985,942.69	1,780,470.05	93,514,487.70
Provision for the year (Note)	12,711,714.96	7,368,398.98	1,008,286.62	21,088,400.56
Transferred from investment properties during the year	200,772.00	–	–	200,772.00
31 December 2013	63,660,561.92	48,354,341.67	2,788,756.67	114,803,660.26
Carrying amounts				
31 December 2013	541,455,380.82	20,130,086.33	100,522,823.93	662,108,291.08

Note: In 2014, amortisation of RMB3,398,772.97 (2013: RMB3,848,613.71) provided for intangible assets directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 31 December 2014, the Group has no intangible assets which were from internal research and development (31 December 2013: nil).

The land use rights above are all in PRC and held under medium term lease.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Deferred Tax Assets

Deferred tax assets are as follows:

Deferred tax assets which have been recognised are as follows:

	2014		2013	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government subsidy	316,651,178.32	79,162,794.58	309,192,028.12	77,298,007.03
Asset impairment loss	58,729,074.44	14,682,268.61	72,872,988.32	18,218,247.08
Employee bonus	45,000,000.00	11,250,000.00	85,000,000.00	21,250,000.00
Losses not made up for	–	–	2,018,929.82	504,732.46
Difference between tax base and accounting base of fixed assets	171,718,954.04	42,929,738.51	185,513,410.04	46,378,352.51
	592,099,206.80	148,024,801.70	654,597,356.30	163,649,339.08

Deferred tax assets which are not recognised are as follows:

	2014	2013
Deductible temporary differences	138,307.82	2,320,436.95
Deductible losses	26,208,946.18	20,735,686.47
	26,347,254.00	23,056,123.42

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Deferred Tax Assets (continued)

The deductible losses of the deferred tax assets which are not recognised will expire in the following years:

	2014	2013
2015	29,629,179.51	34,373,756.98
2016	19,726,111.82	12,887,616.99
2017	19,217,134.49	19,719,683.88
2018	15,394,012.12	15,961,688.03
2019	30,387,758.06	–
	114,354,196.00	82,942,745.88

16. Asset Impairment Provision

2014

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Provision for bad debts					
Including: Accounts receivable	12,858,380.85	9,777,729.39	(9,411,549.99)	(4,059.15)	13,220,501.10
Other receivable	60,639,880.12	310,030.48	(14,873,955.31)	(14,150.68)	46,061,804.61
Fixed assets impairment provision	8,656,475.15	–	–	–	8,656,475.15
	82,154,736.12	10,087,759.87	(24,285,505.30)	(18,209.83)	67,938,780.86

2013

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Provision for bad debts					
Including: Accounts receivable	10,070,074.32	6,056,675.64	(3,268,369.11)	–	12,858,380.85
Other receivable	39,492,550.57	44,506,202.15	(23,141,872.60)	(217,000.00)	60,639,880.12
Fixed assets impairment provision	–	8,656,475.15	–	–	8,656,475.15
	49,562,624.89	59,219,352.94	(26,410,241.71)	(217,000.00)	82,154,736.12

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Other Non-current Assets

	2014	2013
Prepayments for engineering equipment expenses	5,296,916.60	9,715,053.18
Prepayments for share acquisition	–	50,000,000.00
	5,296,916.60	59,715,053.18

18. Assets with Restricted Ownership

As at 31 December 2014, except for the payment guarantee deposits of RMB215,280.00 (1 of Note V), the Group had no other assets with restricted ownership (31 December 2013: nil).

19. Short-term Borrowings

	2014	2013
Unsecured borrowings	1,553,906,160.15	3,000,000,000.00

As at 31 December 2014, the interest rate of the above borrowing ranged from 3.78% to 6.70% per annum (31 December 2013: 5.40% to 6.56%).

As at 31 December 2014, the Group has no outstanding short-term borrowings falling due (31 December 2013: nil).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Accounts Payable

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

An aged analysis of accounts payable is as follows:

	2014	2013
Within 1 year	93,382,003.82	102,274,272.06
1 to 2 years	4,172,957.29	4,688,555.71
2 to 3 years	2,654,108.65	1,133,935.00
Over 3 years	4,535,839.62	1,012,283.15
	104,744,909.38	109,109,045.92

As at 31 December 2014, the Group has no significant accounts payable aging more than 1 year (31 December 2013: nil).

21. Deposits Received

	2014	2013
Port handling fees	536,732,836.56	606,991,890.41
Weighing fees	2,954,443.64	3,064,563.34
others	578,944.20	4,521,589.60
	540,266,224.40	614,578,043.35

As at 31 December 2014, the Group had no significant deposits received aging more than 1 year (31 December 2013: nil).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Employee Benefits Payable

2014

	Opening balance	Accrued	Paid	Closing balance
Short-term benefits	123,112,014.42	2,042,992,373.10	2,080,570,311.22	85,534,076.30
Post-employment benefits (defined contribution plans)	5,127.68	338,200,763.07	338,200,763.07	5,127.68
	123,117,142.10	2,381,193,136.17	2,418,771,074.29	85,539,203.98

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	63,236,210.00	1,274,550,487.18	1,275,752,076.18	62,034,621.00
Staff welfare	–	111,003,199.15	111,003,199.15	–
Social insurance	21,207.56	117,296,248.41	117,286,646.65	30,809.32
Including: Medical insurance	21,089.29	96,077,594.66	96,067,992.90	30,691.05
Work injury insurance	118.27	14,005,885.32	14,005,885.32	118.27
Maternity insurance	–	7,212,768.43	7,212,768.43	–
Housing funds	15,663,933.21	212,271,038.85	211,721,420.38	16,213,551.68
Union fund and employee education fund	3,598,861.15	37,268,294.95	36,424,561.90	4,442,594.20
Short-term paid leaves	–	18,418,741.45	18,418,741.45	–
Short-term profit sharing schemes	40,000,000.00	71,600,000.00	111,600,000.00	–
Other short-term benefits	591,802.50	200,584,363.11	198,363,665.51	2,812,500.10
	123,112,014.42	2,042,992,373.10	2,080,570,311.22	85,534,076.30

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	251,739,380.86	251,739,380.86	–
Unemployment insurance	5,127.68	25,173,943.63	25,173,943.63	5,127.68
Enterprise annuity contribution (Note)	–	61,287,438.58	61,287,438.58	–
	5,127.68	338,200,763.07	338,200,763.07	5,127.68

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Employee Benefits Payable (Continued)

2013

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	62,379,210.00	1,318,256,014.61	1,277,399,014.61	103,236,210.00
Staff welfare	–	112,235,914.62	112,235,914.62	–
Social insurance	1,602,723.08	415,446,668.76	417,023,056.60	26,335.24
Including: Medical insurance	–	78,746,966.61	78,725,877.32	21,089.29
Basic pension	–	235,940,804.46	235,940,804.46	–
Enterprise annuity contribution	–	57,725,444.20	57,725,444.20	–
Unemployment insurance	1,600,989.52	23,427,140.88	25,023,002.72	5,127.68
Work injury insurance	1,733.56	12,994,378.95	12,995,994.24	118.27
Maternity insurance	–	6,611,933.66	6,611,933.66	–
Housing funds	13,290,299.45	197,105,418.33	194,731,784.57	15,663,933.21
Union fund and employee education fund	3,026,511.29	35,258,627.65	34,686,277.79	3,598,861.15
Other short-term benefits	796,432.11	222,084,260.06	222,288,889.67	591,802.50
	81,095,175.93	2,300,386,904.03	2,258,364,937.86	123,117,142.10

Note: The Group operates a defined contribution pension scheme, which requires payments of fixed contribution to independent fund. According to the pension scheme, the highest payment shall not exceed the national regulations, which is accrued within 1/12 of prior year's total payroll. The total payment made by the enterprise and employees shall not exceed 1/6 of prior year's total payroll. The Group's payment is calculated at 5% of prior year's total payroll.

23. Taxes Payable

	2014	2013
Value-added tax	16,561,910.19	19,270,600.58
Business tax	863,673.18	456,976.01
Enterprise income tax	179,920,962.31	203,307,020.04
Urban maintenance and construction tax	1,221,640.29	1,417,830.22
Education surcharge	872,600.13	1,012,735.85
Individual income tax	11,658,882.79	8,124,714.25
Others	7,895.56	6,581.53
	211,107,564.45	233,596,458.48

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Interest Payable

	2014	2013
Interest on bank borrowings	20,391,078.80	20,298,822.46

25. Other Payables

	2014	2013
Engineering equipment expenses	2,279,345,483.71	3,394,903,697.02
Listing expenses	46,847.76	135,349,784.70
sewage charges of dust	64,982,449.99	89,410,743.72
Collections and payments under agency service	–	10,631,268.00
National Council for social security fund	–	312,137,814.42
Facilities leasing expenses	58,212,026.60	42,058,526.60
Others	27,626,684.89	31,857,147.52
	2,430,213,492.95	4,016,348,981.98

As at 31 December 2014, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	860,792,196.91	Not yet settled

As at 31 December 2013, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding Reason
Engineering equipment expenses payable	662,130,833.45	Not yet settled

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Long-term Borrowings

	2014	2013
Unsecured borrowings	9,456,182,456.50	7,763,459,612.35
Less: long-term borrowings due within one year	469,214,800.00	395,367,400.00
Non-current portion	8,986,967,656.50	7,368,092,212.35

As at 31 December 2014, the interest rate of the above borrowings ranged from 5.54% to 7.21% per annum (31 December 2013: 5.54% to 6.88%).

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

	2014	2013
Within 1 year (including 1 year)	469,214,800.00	395,367,400.00
Within 2 years (including 2 years)	502,754,200.00	807,430,800.00
Within 2 to 5 years (including 5 years)	1,737,294,311.00	2,587,495,800.00
Over 5 years	6,746,919,145.50	3,973,165,612.35
	9,456,182,456.50	7,763,459,612.35

27. Deferred Income

	2014	2013
Government grants in relation to assets		
Special environmental subsidy	137,400,344.96	107,004,528.16
Subsidy for retrofitting of contingency coal storage depot	176,575,000.00	194,737,500.00
Modern logistics special funds	–	5,700,000.00
Technology center project funds	2,287,500.00	2,300,000.00
Others	88,333.33	100,000.00
Government grants in relation to income		
Technology center project funds	300,000.00	550,000.00
	316,651,178.29	310,392,028.16

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Deferred Income (continued)

As at 31 December 2014, liabilities items related to government grants are as follows:

	Opening balance	Increase in the year	Recognised in non-operating revenue in the year	Decrease due to disposal of subsidiaries	Closing balance	Related to assets/income
Special environmental subsidy	107,004,528.16	38,000,000.00	7,604,183.20	–	137,400,344.96	Related to assets
Retrofitting of contingency coal storage depot	194,737,500.00	–	18,162,500.00	–	176,575,000.00	Related to assets
Modern logistics special funds	5,700,000.00	–	–	5,700,000.00	–	Related to assets
Technology center project funds	2,300,000.00	–	12,500.00	–	2,287,500.00	Related to assets
Others	100,000.00	–	11,666.67	–	88,333.33	Related to assets
Technology center project funds	550,000.00	–	250,000.00	–	300,000.00	Related to income
	310,392,028.16	38,000,000.00	26,040,849.87	5,700,000.00	316,651,178.29	

As at 31 December 2013, liabilities items related to government grants are as follows:

	Opening balance	Increase in the year	Recognised in non-operating revenue in the year	Decrease due to disposal of subsidiaries	Closing balance	Related to assets/income
Special environmental subsidy	92,317,508.33	19,749,550.00	5,062,530.17	–	107,004,528.16	Related to assets
Retrofitting of contingency coal storage depot	126,700,000.00	68,300,000.00	262,500.00	–	194,737,500.00	Related to assets
Modern logistics special funds	3,876,354.25	1,823,645.75	–	–	5,700,000.00	Related to assets
Technology center project funds	2,300,000.00	–	–	–	2,300,000.00	Related to assets
Others	–	1,223,600.00	1,123,600.00	–	100,000.00	Related to assets
Technology center project funds	350,000.00	200,000.00	–	–	550,000.00	Related to income
	225,543,862.58	91,296,795.75	6,448,630.17	–	310,392,028.16	

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Share Capital

	2014		2013	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
HPG	3,104,314,204.00	61.723	3,104,314,204.00	61.723
Daqin Railway Co., Ltd.	42,750,000.00	0.850	42,750,000.00	0.850
China Shipping (Group) Company	41,995,588.00	0.835	41,995,588.00	0.835
China Life Investment Holding Company Limited	41,995,588.00	0.835	41,995,588.00	0.835
Shougang Group	41,995,588.00	0.835	41,995,588.00	0.835
Beijing Enterprises Group Company Limited	41,995,588.00	0.835	41,995,588.00	0.835
Datong Coal Mine Group Co., Ltd.	41,995,588.00	0.835	41,995,588.00	0.835
Hebei Construction & Investment Communications Investment Co., Ltd.	212,692,830.00	4.229	212,692,830.00	4.229
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	629,824,026.00	12.523	629,824,026.00	12.523
Overseas shareholders	829,853,000.00	16.500	829,853,000.00	16.500
	5,029,412,000.00	100.000	5,029,412,000.00	100.000

29. Capital Reserve

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium (Note 1)	4,498,135,704.40	879,070.58	–	4,499,014,774.98
Others (Note 2)	7,918,337.83	–	(30,000.00)	7,888,337.83
	4,506,054,042.23	879,070.58	(30,000.00)	4,506,903,112.81

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Capital Reserve (continued)

2013

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium (Note 1)	2,240,185,317.34	2,366,787,231.19	(108,836,844.13)	4,498,135,704.40
Others	9,229,000.00	–	(1,310,662.17)	7,918,337.83
	2,249,414,317.34	2,366,787,231.19	(110,147,506.30)	4,506,054,042.23

Note 1: In 2013, the Company raised fund by way of H Share public offering, of which H Shares of RMB1 each were issued with an issue price of HK$5.25. The amount of issue price exceeding the nominal value was credited into share premium. Meanwhile, the issue expense directly related to H Share offering was eliminated with the share premium. In 2014, the Company adjusted its share premium based on the price determined in the contracts entered into with respective intermediaries in relation to H Share offering.

Note 2: Other capital reserve decreased during the year mainly due to the unilateral capital contributions from the Company to its subsidiaries causing the shareholding changed, which in turn resulting in a decrease of RMB30,000.00 of capital reserve.

30. Special Reserve

2014

	Opening balance	Amount accrued in the year	Amount utilised in the year	Closing balance
Production safety expense	34,545,844.25	72,488,233.21	(85,489,084.84)	21,544,992.62

2013

	Opening balance	Amount accrued in the year	Amount utilised in the year	Closing balance
Production safety expense	21,294,574.57	70,993,949.75	(57,742,680.07)	34,545,844.25

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Surplus Reserve

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	683,389,559.34	200,816,155.05	–	884,205,714.39

2013

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	544,743,015.53	138,646,543.81	–	683,389,559.34

According to the requirements of the Company Law and the Articles of Association of the Company, the Company is required to appropriate 10% of its net profits to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has reached above 50% of the registered capital of the Company, additional appropriation will not be needed.

After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserves. Upon approval, discretionary surplus reserves can be used to make up for accumulated losses or to increase the share capital.

32. Retained Profits

	2014	2013
Retained profits at the beginning of the year	1,628,725,818.50	2,183,260,531.19
Net profit attributable to shareholders of the parent	1,980,144,727.01	1,764,361,831.12
Less: Appropriation to statuary surplus reserve	200,816,155.05	138,646,543.81
Cash dividend payable for common shares (Note)	1,609,411,840.00	2,180,250,000.00
Retained profits at the end of the year	1,798,642,550.46	1,628,725,818.50

Note: As approved on the general meeting of the Company held on 28 March 2014, cash dividend of RMB3.20 per 10 shares (inclusive of applicable tax) was paid on the basis that 5,029,412,000 shares of the Company were in issued. The dividend was paid in the middle of 2014 and was presented in this year's financial statement.

Pursuant to the resolution deliberated at the meeting of the Board held on 23 March 2015 (Note 12), the Board of the Company proposed to pay a cash dividend of RMB3.50 per 10 share (inclusive of applicable tax) totaling RMB1,760,294,200.00 to all the shareholders, which is calculated based on 5,029,412,000 shares in issue. The resolution will be submitted to the coming general meeting of the Company for approval.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Operating Revenue and Cost

Revenue, which is also the Group's turnover, represents the net invoice value of goods sold net of sales returns and trade discounts; the value of the services rendered; and the gross rental income received and receivable by the Group during the Year.

	2014	2013
Revenue from the principal operations	7,199,701,486.36	7,147,917,417.08
Revenue from other operations	23,401,219.74	41,254,655.49
	7,223,102,706.10	7,189,172,072.57

	2014	2013
Cost of the principal operations	4,060,205,605.97	4,017,101,073.49
Cost of other operations	16,790,265.52	28,618,166.17
	4,076,995,871.49	4,045,719,239.66

Revenue is as follows:

	2014	2013
Revenue from service in relation to coal and relevant products	5,716,611,142.27	5,641,292,150.39
Revenue from service in relation to metal ore and relevant products	734,318,083.84	799,757,612.47
Revenue from service in relation to general and other cargoes	238,078,708.36	182,474,253.97
Revenue from container service	112,975,127.25	95,702,098.93
Revenue from service in relation to liquefied cargoes	109,422,359.64	127,335,089.84
Revenue from others	311,697,284.74	342,610,866.97
	7,223,102,706.10	7,189,172,072.57

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Business Tax and Surcharges

	2014	2013
Business tax	1,922,869.32	129,799,057.38
Urban maintenance and construction tax and education surcharge	34,070,588.36	31,452,561.93
	35,993,457.68	161,251,619.31

Please refer to Note IV. Taxation for tax base of business tax and surcharge.

35. Administrative Expenses

	2014	2013
Payroll	589,019,414.40	533,264,634.86
Depreciation and amortisation	61,834,351.34	66,092,560.75
Tax expenses	58,636,266.74	38,163,000.98
Rental expenses	32,300,852.19	32,503,146.35
Repair and maintenance expenses	17,460,894.36	20,656,266.40
Office charges	14,807,700.28	17,308,514.37
Epidemic prevention expenses	10,585,584.93	10,030,855.45
Travel expenses	10,389,009.65	13,141,139.84
Business entertainment expenses	6,023,604.52	11,659,163.14
Auditors' remuneration	3,763,280.55	10,187,500.00
Others	68,126,752.08	67,371,206.85
	872,947,711.04	820,377,988.99

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Financial Cost

	2014	2013
Interest expense	685,226,516.93	634,245,492.58
Including: Interest on bank loans wholly repayable within five years	296,133,138.95	388,185,619.55
Interest on other loans	389,093,377.98	246,059,873.03
Less: Interest income	29,415,787.06	19,687,061.47
Less: Capitalised interest	288,599,325.61	300,935,811.23
Foreign exchange (gain)/loss	(35,538,831.74)	16,942,841.65
Others	2,131,586.53	555,783.95
	333,804,159.05	331,121,245.48

The amount of capitalised interest for borrowings has been included in construction in progress.

37. Asset Impairment Loss

	2014	2013
Provision for bad debts	(14,197,745.43)	24,152,636.08
Provision for fixed assets impairment	–	8,656,475.15
	(14,197,745.43)	32,809,111.23

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Investment Income

	2014	2013
Dividend income on holding available-for-sale financial assets	62,805,488.61	46,117,711.95
Long-term equity investment income accounted for under the equity method	173,457,997.08	111,373,669.10
Including: investment income from associates	172,784,412.57	111,101,938.74
investment income from joint ventures	673,584.51	271,730.36
Investment income arising from disposal of long-term equity investment	124,957.78	–
Gain on remaining equity re-measured to fair value upon losing significant influence (Note)	765,079.38	–
	237,153,522.85	157,491,381.05

Note: Please refer to 10. Available-for-sale financial assets of Note V.

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

39. Non-operating Income

	2014	2013
Gain on disposal of non-current assets	4,945,957.55	319,629.92
Including: Gain on disposal of fixed assets	4,945,957.55	319,629.92
Government grants	69,722,781.92	309,391,838.58
Relocation compensation (Note)	350,000,000.00	–
Others	1,825,853.59	3,991,612.96
	426,494,593.06	313,703,081.46

Note: Please refer to 5. Major transactions between the Group and related parties of Note X.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Non-operating Income (continued)

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

	2014	2013	Related to assets/income
Government subsidy (Note)	–	294,842,515.18	Related to assets
Retrofitting of contingency coal storage depot	18,162,500.00	262,500.00	Related to assets
Container subsidy	40,946,200.00	7,311,400.00	Related to income
Special environmental subsidy	7,604,183.20	5,062,530.17	Related to assets
Others	3,009,898.72	1,912,893.23	
	69,722,781.92	309,391,838.58	

Note: Such government subsidy represents the refund of taxes received by the Group in 2013 for the transfer of Huanghua Port public infrastructure in 2011.

40. Non-operating Expenses

	2014	2013
Losses on disposal of non-current assets	22,413,179.22	56,812,031.02
Including: Losses on disposal of fixed assets	22,413,179.22	56,812,031.02
External donation	1,151,227.16	1,818,160.00
Others	46,685.96	14,349,523.79
	23,611,092.34	72,979,714.81

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Total Profit

The supplemental information to the Group's expense by nature are as follows:

	2014	2013
Payroll	2,325,207,619.06	2,246,460,843.59
Depreciation and amortisation	1,093,342,902.30	999,953,203.71
Power and fuel costs	344,365,442.20	382,824,276.79
Consumption expense of machinery	134,862,386.47	145,705,971.19
Rental expenses	162,578,276.68	161,695,418.18
Environmental protection and sewage charges	202,394,095.12	201,833,785.04
Repair and maintenance expenses	278,501,669.90	300,797,739.74
Tax	94,629,724.42	199,414,620.29
Interest expense	396,627,191.32	333,309,681.35
Asset impairment loss	(14,197,745.43)	32,809,111.23
Net losses on disposal of non-current assets	17,467,221.67	56,492,401.10

42. Income Tax Expense

	2014	2013
Current income tax expenses	566,085,632.76	504,797,250.81
Deferred income tax expenses	13,991,267.26	(85,477,503.95)
	580,076,900.02	419,319,746.86

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Income Tax Expense (continued)

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

	2014	2013
Total profit	2,557,383,373.33	2,195,985,373.20
Income tax expenses at the statutory tax rate	639,345,843.33	548,996,343.30
Effect of the effective tax rate of less than 25% on income tax expenses	3,782,851.16	–
Income not subject to tax	(15,701,372.15)	(11,529,427.99)
Investment income from associates and joint ventures	(43,364,499.27)	(27,843,417.28)
Expenses not deductible for tax	2,590,565.49	16,810,106.34
Utilising deductible losses not recognised in previous years	–	(110,558,322.25)
Unrecognised deductible losses	7,596,939.51	3,990,422.01
Adjustments in respect of income tax of previous years	(10,419,013.05)	–
Deductible temporary difference not recognised	(138,307.82)	(3,153,179.43)
Others	(3,616,107.18)	2,607,222.16
Income tax expenses calculated at the Group's effective tax rate	580,076,900.02	419,319,746.86

43. Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is calculated and determined based on the specific terms of issuance contracts from the date of the consideration receivable (normally the stock issue date).

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

	2014	2013
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	1,980,144,727.01	1,764,361,831.11
Shares		
Weighted average number of ordinary shares in issue	5,029,412,000.00	4,316,337,643.84

The Company had no dilutive potential ordinary shares in issue during 2014 (2013: nil).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Supplemental Information to Statement of Cash Flows

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2014	2013
Net profit	1,977,306,473.31	1,776,665,626.34
Add: Asset impairment loss	(14,197,745.43)	32,809,111.23
Fixed assets depreciation	1,074,070,674.72	982,457,642.86
Amortisation of intangible assets	19,178,955.26	17,239,786.85
Amortisation of investment property	102,960.00	127,374.00
Amortisation of long-term deferred expenses	93,272.32	128,400.00
Amortisation of deferred income	(26,040,849.87)	(6,448,630.17)
Losses/(income) on disposal of fixed assets, intangible assets and other long-term assets	17,467,221.67	(226,111,521.28)
Financial costs	361,088,359.58	350,252,523.00
Investment income	(237,153,522.85)	(157,491,381.05)
Decrease/(increase) in deferred income tax assets	13,991,267.26	(85,477,503.95)
(Increase)/decrease in inventories	(9,326,109.90)	23,068,104.10
(Increase)/decrease in other current assets	(9,529,322.69)	17,302,067.93
Increase in operating receivables	(14,734,357.86)	(93,597,355.15)
(Decrease)/increase in operating payables	(154,042,279.62)	227,841,378.43
(Decrease)/increase in special reserve	(14,464,428.70)	10,428,888.64
Net cash flows from operating activities	2,983,810,567.20	2,869,194,511.78

Net movements in cash and cash equivalents:

	2014	2013
Balances of cash at end of the year	2,902,239,590.05	5,537,356,500.06
Less: Balances of cash at beginning of the year	5,537,356,500.06	3,442,887,021.64
Net (decrease)/increase in cash and cash equivalents	(2,635,116,910.01)	2,094,469,478.42

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Supplemental Information to Statement of Cash Flows (continued)

(2) Information on disposal of subsidiaries

	2014	2013
Price of disposal of subsidiaries	2,607,120.00	–
Cash and cash equivalents received from disposal of subsidiaries	2,607,120.00	–
Less: Cash and cash equivalents held by disposed subsidiaries	5,232,289.03	–
Cash outflow arising from disposal of subsidiaries	2,625,169.03	–

(3) Cash and cash equivalents

	2014	2013
Cash	2,902,239,590.05	5,537,356,500.06
Including: Cash on hand	33,015.11	98,063.72
Bank deposits on demand	2,902,206,574.94	5,537,258,436.34
Balance of cash and cash equivalents at the end of the year	2,902,239,590.05	5,537,356,500.06

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Foreign Currency Monetary Items

	2014			2013		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US$	4.97	6.1187	30.41	3,514.34	6.0969	21,426.58
EUR	3.74	7.4545	27.88	44,692.85	8.4189	376,264.63
HK$	233,628,976.43	0.7889	184,302,890.64	3,145,114,913.66	0.7862	2,472,689,345.12
Dividend payable						
HK$	1,447.53	0.7889	1,141.91	–	0.7862	–
Accounts payable						
US$	42,472.65	6.1187	259,877.92	234,345.30	6.0969	1,428,779.86
JPY	17,000.00	0.0514	873.31	–	0.0578	–
Other payables						
US$	–	6.1187	–	20,534,400.00	6.1158	125,584,456.56
HK$	1,517,218.60	0.7888	1,196,840.44	405,605,014.35	0.7879	319,593,142.56
Short-term borrowings						
HK$	300,310,773.83	0.7889	236,906,160.15	–	0.7862	–
			422,667,842.66			2,919,693,415.31

VI. CHANGES IN CONSOLIDATION SCOPE

1. Disposal of Subsidiaries

	Place of incorporation	Nature of business	Percentage of total shareholding of the Group	Percentage of total voting rights attributable to the Group	Reasons for ceasing to be a subsidiary
Qinhuangdao Seaborne Coal Trading Market Co., Ltd.	Qinhuangdao city	Coal information consultation	68%	68%	Note

Note: On 22 October 2014, as approved on the sixteenth meeting of the second session of the Board of the Company in 2014, the Company resolved to transfer all its equity interest in Qinhuangdao Seaborne Coal Trading Market Co., Ltd. ("Qinhuangdao Seaborne Coal Trading Market") to Hebei Port Group Co., Ltd. The equity transfer was approved by State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province on 29 October 2014. On 5 November 2014, the Company entered into an official equity transfer agreement with Hebei Port Group Co., Ltd., at a transfer price of RMB2,607,120.00. The disposal was completed on 5 November 2014. Since then, Qinhuangdao Seaborne Coal Trading Market was no longer included into the consolidated statements of the Group. The relevant financial information of Qinhuangdao Seaborne Coal Trading Market is presented as follows:

VI. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

1. Disposal of Subsidiaries (continued)

	Carrying amount on 5 November 2014	Carrying amount on 31 December 2013
Current assets	7,635,986.84	18,395,734.74
Non-current assets	9,985,580.77	6,482,410.93
Current liabilities	(7,837,032.38)	(15,665,055.10)
Non-current liabilities	(5,700,000.00)	(5,700,000.00)
	4,084,535.23	3,513,090.57
Minority interests	1,356,139.45	1,173,277.16
Goodwill	58,774.48	
Losses on disposal	(180,050.26)	
Consideration of disposal	2,607,120.00	

	From 1 January to 5 November 2014
Revenue	32,571,135.74
Operating costs	27,463,858.77
Net profit	571,444.66

2. Other Reasons for the Changes of the Combination Scope

Save for the subsidiaries newly established during the year and the description in 1 Disposal of subsidiaries of Note VI, the scope of the consolidated financial statements is consistent with that of previous year.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

Particulars of the Company's subsidiaries are as follows:

	Place of principal business	Place of incorporation	Nature of business	Registered capital	Percentage of shareholding	
				RMB'0000	Direct (%)	Indirect (%)
Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company						
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	Qinhuangdao city	Qinhuangdao city	Accessories sales	1,000	100.00	–
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	Qinhuangdao city	Qinhuangdao city	loading and unloading services	40,000	55.00	–
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	Cangzhou city	Cangzhou city	loading and unloading services	246,000	95.93	–
Subsidiaries acquired through establishment or investment						
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Caofeidian	Caofeidian	loading and unloading services	180,000	51.00	–
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	Cangzhou city	Cangzhou city	loading and unloading services	196,000	98.47	–
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	Cangzhou city	Cangzhou city	cargo tallying services	100	33.00	23.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	Caofeidian	Caofeidian	loading and unloading services	5,000	99.00	–
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. （滄州黃驊港原油港務有限公司）	Cangzhou city	Cangzhou city	loading and unloading services	5,000	65.00	–
Subsidiaries acquired through the merger of enterprises under common control						
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	Qinhuangdao city	Qinhuangdao city	cargo tallying services	674.04	84.00	–

Subsidiaries with significant minority interests are as follows:

2014

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(757,289.42)	–	884,594,049.80

2013

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(547,678.86)	–	883,836,760.38

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capital	Percentage of shareholding (%)		Accounting treatment
				RMB'0000	Direct	Indirect	
Joint ventures							
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Qinhuangdao city	Qinhuangdao city	Investment and development	200,000	50.00	–	Equity method
Associates							
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Qinhuangdao city	Qinhuangdao city	Quality inspection	400	40.00	–	Equity method
Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Caofeidian	Caofeidian	Financial services	50,000	40.00	–	Equity method
Tangshan Caofeidian Shiye Port Co., Ltd., (唐山曹妃甸實業港務有限公司),	Caofeidian	Caofeidian	loading and unloading services	200,000	35.00	–	Equity method
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Qinhuangdao city	Qinhuangdao city	Energy services	5,000	40.00	–	Equity method
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Handan city	Handan city	Logistic services	59,333	20.00	–	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Caofeidian	Caofeidian	Railway operation	20,000	20.00	–	Equity method
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Cangzhou City	Cangzhou City	Tugging services	18,331.8	35.00	–	Equity method

The following table sets forth the financial information of Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) ("Bohai Jin-Ji"), a significant joint venture of the Group, which was established in 2014. The Group adopted equity method to measure as there is no significant difference between the accounting policy of Bohai Jin-Ji and that of the Group.

	2014
Current assets	200,000,000.00
Including: Cash and cash equivalents	200,000,000.00
Non-current assets	–
Total assets	200,000,000.00
Current liabilities	–
Non-current liabilities	–
Total liabilities	–
Owners' equity	200,000,000.00
Share of net assets in proportion to shareholding	50%
Carrying amount of investment	100,000,000.00

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

The following table sets forth the financial information of Tangshan Caofeidian Shiye Port Co., Ltd., (唐山曹妃甸實業港務有限公司) ("Caofeidian Shiye") and Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) ("Hebei Port Finance Company"), the significant associates of the Group. The Group adopted equity method to measure as there is no significant difference between the financial policy of these companies and that of the Group.

2014

	Caofeidian Shiye	Hebei Port Finance Company
Current assets	2,744,367,181.86	1,335,544,054.34
Including: Cash and cash equivalents	318,886,453.57	1,335,236,543.68
Non-current assets	5,244,671,443.34	107,123,338.57
Total assets	7,989,038,625.20	1,442,667,392.91
Current liabilities	1,793,749,269.53	934,748,444.98
Non-current liabilities	3,409,008,426.48	–
Total liabilities	5,202,757,696.01	934,748,444.98
Minority interest	12,056,475.49	–
Equity attributable to shareholders of the parent	2,774,224,453.70	507,918,947.93
Share of net assets in proportion to shareholding	35%	40%
Carrying amount of investment	970,978,558.80	203,167,579.17
Revenue	1,833,660,454.17	16,290,524.46
Financial cost- interest income	3,243,800.09	21,511,598.60
Financial cost- interest expense	317,624,344.38	5,224,583.17
Income tax expense	120,508,798.92	2,639,649.32
Net profit	493,422,765.27	7,918,947.93
Including: Net profit attributable to the parent	487,107,392.45	7,918,947.93
Other comprehensive income	–	–
Total comprehensive income	493,422,765.27	7,918,947.93

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

2013

	Caofeidian Shiye
Current assets	1,531,783,055.22
Including: Cash and cash equivalents	413,793,954.05
Non-current assets	6,541,079,790.52
Total assets	8,072,862,845.74
Current liabilities	1,557,695,716.90
Non-current liabilities	3,926,019,829.57
Total liabilities	5,483,715,546.47
Minority interest	6,429,277.58
Equity attributable to shareholders of the parent	2,582,718,021.69
Share of net assets in proportion to shareholding	35%
Carrying amount of investment	903,951,307.60
Revenue	1,554,049,975.66
Financial cost – interest income	6,005,981.78
Financial cost – interest expense	337,386,731.61
Income tax expense	45,110,818.83
Net profit	324,548,143.10
Including: Net profit attributable to the parent	323,203,737.57
Other comprehensive income	–
Total comprehensive income	324,548,143.10

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

The following table sets forth the aggregated financial information of joint ventures and associates that are insignificant to the Group:

	2014	2013
joint ventures		
Total carrying amount of investment	–	4,994,217.82
Total amount of the following items calculated in the Group's equity proportion		
Net profit	–	271,708.34
Other comprehensive income	–	–
Total comprehensive income	–	271,708.34
Associates		
Total carrying amount of investment	196,888,278.29	130,255,122.03
Total amount of the following items calculated in the Group's equity proportion:		
Net profit	(788,318.20)	(2,019,369.41)
Other comprehensive income	–	–
Total comprehensive income	(788,318.20)	(2,019,369.41)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets

	2014		2013	
	Loans and receivables	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets
Cash and bank balances	3,095,475,670.05	–	5,945,266,696.95	–
Bills receivable	75,817,721.80	–	72,698,397.00	–
Dividends receivable	–	–	1,026,725.97	–
Accounts receivable	208,103,086.57	–	189,187,615.04	–
Other receivables	42,704,201.60	–	73,020,762.55	–
Available-for-sale financial assets	–	710,376,014.95	–	681,623,657.00
	3,422,100,680.02	710,376,014.95	6,281,200,197.51	681,623,657.00

Financial liabilities

	2014 Other financial liabilities	2013 Other financial liabilities
Short-term borrowings	1,553,906,160.15	3,000,000,000.00
Accounts payable	104,744,909.38	109,109,045.92
Interest payable	20,391,078.80	20,298,822.46
Dividends payable	1,141.91	1,918,400.00
Other payables	2,430,213,492.95	4,016,348,981.98
Non-current liabilities due within one year	469,214,800.00	395,367,400.00
Long-term borrowings	8,986,967,656.50	7,368,092,212.35
	13,565,439,239.69	14,911,134,862.71

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments

The Group's principal financial instruments comprise bank borrowings and cash and bank balances etc. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. Risk manage policy employed by the Group are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, bills receivable, dividends receivable and other receivables, etc., arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 31 December 2014, there is a concentration of specific credit risk within the Group as 59% (31 December 2013: 61%) of the Group's accounts receivables were due from a single customer. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivables are disclosed in 4. Accounts receivables and 5. Other receivables of Note V.

AS at 31 December 2014 and 31 December 2013, amounts receivable that were neither past due nor impaired, and aging analysis on amounts receivable that were past due but not impaired of the Group are as follows:

	2014	2013
Neither past due nor impaired	91,934,097.85	92,028,532.04
Past due but not impaired-within 3 months	33,851,687.14	32,456,280.25
Past due but not impaired-more than 3 months	82,317,301.58	64,702,802.75
	208,103,086.57	189,187,615.04

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments (continued)

Credit risk (continued)

As at 31 December 2014, accounts receivable that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

As at 31 December 2014, accounts receivable that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the Group believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Liquidity risk

The Group manages its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and expected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means, such as bank borrowings. As at 31 December 2014, 18% (31 December 2013: 32%) of the Group's interest-bearing liabilities are due within one year.

The table below summarises the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

2014

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	–	104,744,909.38	–	–	104,744,909.38
Interest payable	–	20,391,078.80	–	–	20,391,078.80
Dividends payable	1,141.91	–	–	–	1,141.91
Other payables	150,868,009.24	2,279,345,483.71	–	–	2,430,213,492.95
Short-term borrowings	–	1,592,834,697.88	–	–	1,592,834,697.88
Non-current liabilities due within one year	–	479,309,940.12	–	–	479,309,940.12
Long-term borrowings	–	562,403,121.12	4,220,346,669.91	8,744,104,815.29	13,526,854,606.32
	150,869,151.15	5,039,029,231.01	4,220,346,669.91	8,744,104,815.29	18,154,349,867.36

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments (continued)

Liquidity risk (continued)

2013

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	–	109,109,045.92	–	–	109,109,045.92
Interest payable	–	20,298,822.46	–	–	20,298,822.46
Dividends payable	–	1,918,400.00	–	–	1,918,400.00
Other payables	621,445,284.96	3,394,903,697.02	–	–	4,016,348,981.98
Short-term borrowings	–	3,068,023,333.33	–	–	3,068,023,333.33
Non-current liabilities due within one year	–	413,694,674.17	–	–	413,694,674.17
Long-term borrowings	–	451,536,368.26	4,804,403,431.41	4,884,653,742.72	10,140,593,542.39
	621,445,284.96	7,459,484,341.16	4,804,403,431.41	4,884,653,742.72	17,769,986,800.25

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing liabilities with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on profit before tax (through the impact on floating rate borrowings) and shareholder's equity when a reasonably possible change in interest rates occurs, with all other variables held constant.

	Increase/ (decrease) in basis points	Increase/(decrease) in profit before tax	Increase/(decrease) in shareholder's equity*
2014			
RMB	50	(31,117,030.80)	–
RMB	(50)	31,117,030.80	–
2013			
RMB	50	(35,100,000.00)	–
RMB	(50)	35,100,000.00	–

* Excluding retained earnings.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments (continued)

Market risk (continued)

Exchange rate risk

The Group's exposure to the exchange rate risk relates primarily to the Group's foreign currency bank deposits, bank borrowings and H Share issue expenses (payable denominated in foreign currency). The table below is a sensitivity analysis of exchange rate risk. It reflects the impact on current total profit and shareholder's equity when a reasonably possible change in exchange rate of HK$ and US$ occurred, with all other variables held constant.

	Increase/(decrease) in exchange rates	Increase/(decrease) in total profit	Increase/(decrease) in shareholder's equity*
2014			
If the RMB strengthens against the HK$	1%	2,036,865.52	–
If the RMB strengthens against the US$	1%	2,598.48	–
If the RMB strengthens against the EUR	1%	(0.28)	–
If the RMB strengthens against the JPY	1%	8.73	–
If the RMB weakens against the HK$	(1%)	(2,036,865.52)	–
If the RMB weakens against the US$	(1%)	(2,598.48)	–
If the RMB weakens against the EUR	(1%)	0.28	–
If the RMB weakens against the JPY	(1%)	(8.73)	–
2013			
If the RMB strengthens against the HK$	1%	(21,530,962.03)	–
If the RMB strengthens against the US$	1%	1,269,918.10	–
If the RMB strengthens against the EUR	1%	(3,762.65)	–
If the RMB weakens against the HK$	(1%)	21,530,962.03	–
If the RMB weakens against the US$	(1%)	(1,269,918.10)	–
If the RMB weakens against the EUR	(1%)	3,762.65	–

* Excluding retained earnings.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments (continued)

Capital management

The primary objective of the Group's capital management is to ensure the Group's ability to operate as a going concern and maintain healthy capital structure so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. During 2014 and 2013, there was no change in the Group's capital management objectives, policies or processes.

The Group manages its capital using leverage ratio, which is calculated by dividing net debts by the sum of adjusted capital and net debts. Net debts include accounts payable, other payables, short-term borrowings, non-current liabilities due within one year and long-term borrowings less cash and bank balances. It is the Group's policy to maintain its leverage ratio between 30% and 60%. The Group's net debt to equity ratio as at the balance sheet dates is as follows:

	2014	2013
Accounts payable	104,744,909.38	109,109,045.92
Other payables	2,430,213,492.95	4,016,348,981.98
Short-term borrowings	1,553,906,160.15	3,000,000,000.00
Non-current liabilities due within one year	469,214,800.00	395,367,400.00
Long-term borrowings	8,986,967,656.50	7,368,092,212.35
Less: Cash and bank balances	(3,095,475,670.05)	(5,945,266,696.95)
Net debt	10,449,571,348.93	8,943,650,943.30
Shareholders' equity	12,240,708,370.28	11,882,127,264.32
Capital and net debt	22,690,279,719.21	20,825,778,207.62
Net debt to equity ratio	46%	43%

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Transfer of Financial Assets

Continuing involvement in transferred financial assets derecognised generally

As at 31 December 2014, the Group has endorsed bank acceptance notes with a carrying amount of RMB10,458,063.03 (31 December 2013: RMB6,600,000.00) to suppliers to settle the amounts payable. As at 31 December 2014, for notes due within one month to six months, if acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered that substantially all the risk and reward of the notes have been transferred. Therefore, the Group has derecognised carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

In 2014, the Group did not recognise any profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to Continuing Involvement of financial assets which had been derecognised. The endorsement happens evenly throughout the year.

IX. DISCLOSURE OF FAIR VALUE

1. Assets and Liabilities Disclosed by Fair Value

	Inputs adopted in fair value measurement			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	total
	RMB'000	RMB'000	RMB'000	RMB'000
2014				
Long-term borrowings	–	8,986,968	–	8,986,968
2013				
Long-term borrowings	–	7,368,092	–	7,368,092

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

2. Fair Value Estimation

Set out below are carrying amount and fair value of financial instruments of the Group other than the financial instruments with minor differences between carrying amount and fair value, and the equity instruments without quoted price in an active market and for which the fair value can not be measured reliably:

	Carrying amount		Fair value	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Financial liabilities				
Long-term borrowings	8,986,968	7,368,092	8,986,968	7,368,092

Management has assessed cash and bank balances, bills receivable, accounts receivable, short-term borrowings, accounts payable and non-current liabilities due within one year etc, and considers that their fair values approximate their carrying amounts due to the short term maturities of these instruments.

The Group's finance team is led by the finance manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the audit committee. At each balance sheet date, the finance team analyses movements in the fair value of financial instruments and determines the major inputs applicable to the valuation. The valuation must be reviewed and approved by the finance manager. For the purpose of preparing interim and annual financial statements, the finance team meets the audit committee twice a year to discuss the valuation procedures and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of long-term loans are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 31 December 2014, the Group's exposure to non-performance risk associated with the long-term borrowings is assessed as insignificant.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent Company

	Place of registration	Nature of business	Registered capital RMB	Proportion of shareholding (%)	Proportion of votes (%)
HPG	Shijiazhuang	Integrated port service	8 billion	61.72	61.72

HPG is the ultimate holding company of the Company.

2. Subsidiaries

For details of the subsidiaries, please refer to 1. Interests in subsidiaries of Note VII.

3. Joint Ventures and Associates

For details of the joint ventures and associates, please refer to 2. Interests in joint ventures and associates of Note VII.

4. Other Related Parties

Company name	Relationship with related parties
Penavico QHD Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	A subsidiary of the controlling shareholder
秦皇島方宇物業管理有限公司	A subsidiary of the controlling shareholder
河北港口集團港口工程有限公司	A subsidiary of the controlling shareholder
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	A subsidiary of the controlling shareholder
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	A subsidiary of the controlling shareholder
Cangzhou Bohai New Zone Far Trans Shipping Agency Company	A subsidiary of the controlling shareholder
China Ocean Shipping Agency Qinhuangdao	A subsidiary of the controlling shareholder
秦皇島利港集裝箱碼頭有限公司	A subsidiary of the controlling shareholder
滄州渤海新區港口房地產開發有限公司	A subsidiary of the controlling shareholder

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other Related Parties (continued)

Company name	Relationship with related parties
河北港口集團房地產開發有限公司	A subsidiary of the controlling shareholder
秦皇島市藍港國際旅行社有限公司	A subsidiary of the controlling shareholder
河北港口集團國際(香港)有限公司	A subsidiary of the controlling shareholder
秦皇島港方大房地產開發有限責任公司	A subsidiary of the controlling shareholder
秦皇島易達岩土勘察有限公司	A subsidiary of the controlling shareholder
唐山曹妃甸工業區聯合國際船舶代理有限公司	A subsidiary of the controlling shareholder
河北港口集團餐飲管理有限公司	A subsidiary of the controlling shareholder
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	A subsidiary of the controlling shareholder
秦皇島方遠投資有限公司	A subsidiary of the controlling shareholder
秦皇島科正工程檢測有限公司	A subsidiary of the controlling shareholder
秦皇島祺港港口設備技術咨詢有限公司	A subsidiary of the controlling shareholder
秦皇島盛港房地產開發有限公司	A subsidiary of the controlling shareholder
陽港國際能源有限公司	A subsidiary of the controlling shareholder
Qinhuangdao Ruigang Coal Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Port Elevator Co., Ltd.	A subsidiary of the controlling shareholder
秦皇島秦仁海運有限公司	Other enterprises affected by the controlling shareholder
秦皇島東方石油有限公司	Other enterprises affected by the controlling shareholder
Qinhuangdao Winsway Petroleum Co., Ltd.	Other enterprises affected by the controlling shareholder
Zhuhai Qinfa Port Co., Ltd	Other enterprises affected by the controlling shareholder
Jiangsu Guoxin Qin'gang Port Company Limited (江蘇國信秦港港務公司)	Other enterprises affected by the controlling shareholder
秦皇島港務集團工程技術管理有限公司	Other enterprises affected by the controlling shareholder
秦皇島晉遠船務代理有限公司	Other enterprises affected by the controlling shareholder
雲南金博礦業開發有限公司	Other entities affected by the controlling shareholder
秦皇島益嘉船務代理有限公司	Other enterprises affected by the controlling shareholder
中煤科工能源投資秦皇島有限公司	Other enterprises affected by the controlling shareholder
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	The same key management personnel
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	The same key management personnel
SDIC Caofeidian Port Co., Ltd.	The same key management personnel

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major Transactions between the Group and Related Parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services (Note)	2014	2013
Transactions with the parent company			
HPG	Integrated service	49,372,105.23	68,287,860.65
Transactions with joint ventures			
Qinhuangdao Honggang Terminal Services Co., Ltd.	Stevedoring service	46,122,059.27	133,991,174.26
Transactions with other related parties			
河北港口集團港口工程有限公司	Integrated service	209,490,678.82	99,878,482.60
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Repair and maintenance service	55,268,220.49	91,047,058.62
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Supervisory service	35,991,399.98	23,705,928.29
河北港口集團餐飲管理有限公司	Integrated service	10,390,267.82	–
秦皇島方宇物業管理有限公司	Integrated service	7,291,578.32	2,173,922.32
滄州渤海新區港口房地產開發有限公司	Integrated service	2,850,000.00	–
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Integrated service	1,213,200.00	1,131,118.50
Qinhuangdao Port Elevator Co., Ltd.	Integrated service	856,092.26	1,502,805.14
Penavico QHD Logistics Co., Ltd.	Integrated service	198,113.20	–
秦皇島市藍港國際旅行社有限公司	Integrated service	64,800.00	–
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Integrated service	13,343.50	1,373,140.61
SDIC Caofeidian Port Co., Ltd.	Integrated service	–	717,496.97
		323,627,694.39	221,529,953.05
		419,121,858.89	423,808,987.96

Purchase of goods and receipt of services from related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major Transactions between the Group and Related Parties (continued)

(1) Transactions concerning goods and services with related parties (continued)

Sales of goods and render of services to related parties

	Type of goods or services (Note)	2014	2013
Transactions with the parent company			
HPG	Integrated service	7,313,360.92	9,991,952.08
Transactions with joint ventures and associates			
Qinhuangdao Huazheng Coal Inspection Institute	Integrated service	4,200,773.74	3,323,302.12
Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	Integrated service	2,347,332.45	2,500,284.76
Tangshan Jingtang Railway Co., Ltd.	Integrated service	594,226.00	–
Qinhuangdao Honggang Terminal Services Co., Ltd.	Integrated service	186,256.33	1,970,036.79
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd.	Integrated service	150,022.73	404,351.82
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Integrated service	–	158,664.00
		7,478,611.25	8,356,639.49
Transactions with other related parties			
Qinhuangdao Ruigang Coal Logistics Co., Ltd.	Port operation services	89,066,340.62	34,011,991.12
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Port operation services	34,611,663.23	31,610,655.14
秦皇島秦仁海運有限公司	Port operation services	11,283,820.51	8,446,944.97
SDIC Caofeidian Port Co., Ltd.	Integrated service	7,533,826.13	5,341,778.59
秦皇島東方石油有限公司	Port operation services	3,011,405.62	3,762,897.81
秦皇島益嘉船務代理有限公司	Integrated service	2,306,840.18	1,233,944.43
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Integrated service	2,307,212.55	2,462,055.74
河北港口集團港口工程有限公司	Integrated service	1,987,326.82	–
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Integrated service	587,124.13	748,678.53
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	Port operation services	562,835.85	1,264,076.02
Qinhuangdao Winsway Petroleum Co., Ltd.	Port operation services	474,184.13	771,785.76
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Integrated service	119,218.02	141,276.86
河北港口集團餐飲管理有限公司	Integrated service	18,655.63	–

* *For identification purpose only*

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major Transactions between the Group and Related Parties (continued)

(1) Transactions concerning goods and services with related parties (continued)

Sales of goods and render of services to related parties (Continued)

	Type of goods or services (Note)	2014	2013
Transactions with other related parties (Continued)			
秦皇島方宇物業管理有限公司	Integrated service	14,205.55	5,889.53
秦皇島晉遠船務代理有限公司	Integrated service	–	150,849.21
Jiangsu Guoxin Qin'gang Port Company Limited (江蘇國信秦港港務公司)	Integrated service	–	739,816.57
		153,884,658.97	90,692,640.28
		168,676,631.14	109,041,231.85

Sale of goods and render of services to related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

Note: integrated service includes inspection and testing, police and fire, maintenance and repair of equipments, communication, water and electricity, heat supply, correspondence and catering services.

(2) Leases with related parties

As lessor

	Category of leased assets	Rental income in 2014	Rental income in 2013
河北港口集團港口工程有限公司	Land use right	2,565,000.00	1,625,400.00
秦皇島東方石油有限公司	Land use right	201,528.00	–
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Machinery and equipment	171,829.06	–
Qinhuangdao Winsway Petroleum Co., Ltd.	Land use right	66,420.00	–
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Machinery and equipment	50,899.08	–
HPG	Machinery and equipment	34,401.71	47,589.74
Total		3,090,077.85	1,672,989.74

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related parties (continued)

As lessee

	Category of leased assets	Rental income recognized in 2014	Rental income recognized in 2013
HPG	Buildings and harbour facilities	97,342,204.60	97,342,204.61
HPG	Office buildings	19,494,392.80	18,040,161.85
HPG	Machinery and equipment	8,017,798.81	8,403,338.77
HPG	Vehicle	4,758,571.31	5,812,284.66
Total		129,612,967.52	129,597,989.89

The above lease expenses mainly represent rental fees paid to HPG by the Company in respect of certain assets which include land, buildings, facilities and equipment. The term of lease was 2 years, with an annual rental payment of RMB104,900,000.00.

The rentals from the assets leased out to or leased from related parties by the Group are based on the terms of the agreements entered into between the Group and related parties.

(3) Key management personnel

	2014	2013
Remuneration for key management personnel	6,830,173.99	5,680,049.13

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major Transactions between the Group and Related Parties (continued)

(4) Transactions with other related parties

Trademark use right

In December 2008, the Company entered into an agreement with HPG, the parent company, pursuant to which the Company had the exclusive right to use HPG's trademark for free with a term of ten years commencing on 31 March 2008.

Agency business

China Ocean Shipping Agency Qinhuangdao, Penavico QHD Logistics Co., Ltd. and Cangzhou Bohai New Zone Far Trans Shipping Agency Company accept the port services provided by the Group on behalf of certain non-related third parties shipping companies', and pay port services fee on behalf of these shipping companies to the Group. The relevant port service fee paid to the Group by the agencies amounted to RMB23,496,999.19, RMB18,586,906.66 and RMB6,900,291.35 (2013: RMB15,286,089.88, RMB11,622,438.43 and 9,426,853.52, respectively) respectively.

Relocation compensation

Pursuant to an agreement entered into between the Company and HPG dated 31 December 2014, HPG agreed to pay an irrecoverable and non-refundable initial compensation of RMB350 million as at 31 December 2014 in order to compensate the costs and expenses arising from the closure of our coal stevedoring operation in the west port areas and related staff settlement. The initial compensation was used for the specified purpose of compensation for the Company's staff settlement involved in the closure of operation or offset other expenses resulting from the closure during the period.

Others

In April 2011, the Port Construction Command Office of Shanxi Province in Qinhuangdao ("Shanxi Port Construction Command"), a third party, initiated a civil lawsuit in the Higher People's Court of Hebei Province against the Company and HPG, the parent company, as co-defendants, claiming that the agreement in relation to Qinhuangdao Port investment between Shanxi Provincial Government and HPG had been terminated and the Company and HPG should return approximately RMB144.9 million, which includes the investment fund, accrued interest and management fees. HPG issued a commitment letter on 16 April 2012 whereby HPG committed to reimburse the Company for all losses in connection with the lawsuit. As at the date of this audit report, the court proceedings are still ongoing and no ruling has been made by the Higher People's Court of Hebei Province.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Commitments Made between the Group and Related Parties

Capital commitments

	2014	2013
河北港口集團港口工程有限公司	56,771,657.00	24,546,465.00
河北港口集團工程技術有限公司	–	2,800,000.00
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	29,740,174.48	28,976,285.43
	86,511,831.48	56,322,750.43

Lease commitments

In August 2013 and May 2012, the Group and HPG entered into lease agreements with a term of 2 year and 6 years, respectively, pursuant to which the Group leased machinery and equipments and buildings from HPG for production and operation. For details of the rental expenses incurred during the year, please refer to Note X. 5(2). It is estimated that the Group's future minimum lease payments under non-cancellable leases are as follows:

	2014	2013
Within 1 year (including 1 year)	121,053,500.00	121,053,500.00
1 to 2 years (including 2 years)	16,153,500.00	121,053,500.00
2 to 3 years (including 3 years)	16,153,500.00	16,153,500.00
Over 3 years	16,153,500.00	32,307,000.00
	169,514,000.00	290,567,500.00

7. The Parent Company and Subsidiaries

	2014	2013
Investment in subsidiaries		
Unlisted investments, at cost	5,526,692,006.66	4,414,422,603.82

The amounts due from and to subsidiaries of RMB2,876,552.50 (2013: RMB881,191.50) and RMB343,737.56 (2013: RMB2,873,593.49) under the items of current assets and current liabilities, respectively, were unsecured, non-interest bearing and repayable on demand or falling due within one year.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

8. Balances of Accounts Due from Related Parties

	2014		2013	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable				
Due from associates				
Qinhuangdao Huazheng Coal Inspection Institute	1,623,240.00	81,162.00	–	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd.	198,160.00	9,908.00	–	–
	1,821,400.00	91,070.00	–	–
Due from other related parties				
China Ocean Shipping Agency Qinhuangdao	20,434,372.00	1,021,718.60	5,886,367.45	1,455.77
SDIC Caofeidian Port Co., Ltd.	2,268,674.78	114,471.22	637,300.30	32,860.62
秦皇島秦仁海運有限公司	1,997,897.04	99,894.85	971,328.57	48,405.06
Cangzhou Bohai New Zone Far Trans Shipping Agency Company	870,419.00	–	605,037.00	30,251.85
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	556,313.68	27,815.68	549,939.00	–
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	178,467.00	8,923.35	46,415.00	–
河北港口集團港口工程有限公司	120,455.00	6,022.75	–	–
秦皇島益嘉船務代理有限公司	109,156.00	5,457.80	24,701.00	1,235.05
河北港口集團餐飲管理有限公司	7,231.21	361.56	–	–
Penavico QHD Logistics Co., Ltd.	–	–	2,689,474.00	1,017.06
	26,542,985.71	1,284,665.81	11,410,562.32	115,225.41
	28,364,385.71	1,375,735.81	11,410,562.32	115,225.41
Other receivables				
Due from the parent company				
HPG	–	–	375,910.92	–
Due from other related parties				
河北港口集團港口工程有限公司	711,100.78	–	–	–
SDIC Caofeidian Port Co., Ltd.	–	–	283,013.30	14,150.67
	711,100.78	–	283,013.30	14,150.67
	711,100.78	–	658,924.22	14,150.67

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

8. Balances of Accounts Due from Related Parties (continued)

	2014		2013	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Prepayments				
Advances to the parent company				
HPG	152,553.24	–	152,553.24	–
Advances to other related parties				
河北港口集團港口工程有限公司	–	–	880,000.00	–
	152,553.24	–	1,032,553.24	–

9. Balances of Accounts Due to Related Parties

	2014	2013
Accounts payable		
Due to the parent company		
HPG	207,938.50	–
Due to joint venture		
Qinhuangdao Honggang Terminal Services Co., Ltd.	–	140,000.00
Due to other related parties		
河北港口集團港口工程有限公司	13,165,397.00	–
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	900,301.21	3,641,180.43
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	264,567.00	–
Penavico QHD Logistics Co., Ltd.	56,100.00	–
Qinhuangdao Port Elevator Co., Ltd.	40,750.00	–
	14,427,115.21	3,641,180.43
	14,635,053.71	3,781,180.43

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

9. Balances of Accounts Due to Related Parties (continued)

	2014	2013
Other payables		
Due to the parent company		
HPG	59,918,936.45	44,362,813.43
Due to associates		
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	17,932.80	4,747.20
Due to other related parties		
河北港口集團港口工程有限公司	84,644,432.10	31,673,585.80
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	38,165,430.42	21,252,140.76
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	10,872,943.98	13,047,886.00
秦皇島利港集裝箱碼頭有限公司	98,175.00	98,175.00
河北港口集團餐飲管理有限公司	74,502.09	–
秦皇島港務集團港口建設工程有限責任公司	–	467,922.00
Qinhuangdao Port Elevator Co., Ltd.	–	426,250.00
	133,855,483.59	66,965,959.56
	193,792,352.84	111,333,520.19
Receipts in advance		
Advance from other related parties		
Qinhuangdao Ruigang Coal Logistics Co., Ltd.	8,417,167.00	6,447,965.00
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	517.00	15,000.00
	8,417,684.00	6,462,965.00

Accounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

Note: in addition to the related party transactions with joint ventures and associates, other major transactions between the Group and its related parties also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

XI. COMMITMENTS

	2014	2013
Capital commitments		
Contracted, but not provided for	548,694,423.32	770,355,508.88
Authorised by the Board, but not contracted for	477,230,594.21	396,642,459.76
	1,025,925,017.53	1,166,997,968.64
Investment commitments		
Authorised, but not contracted for	89,440,000.00	260,000,000.00
Contracted, but not performed	1,060,000,000.00	160,000,000.00
	1,149,440,000.00	420,000,000.00

XII. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the resolution deliberated at the nineteenth meeting of the second session of the Board held on 23 March 2015, the Company proposed to pay a cash dividend totaling RMB1,760,294,200.00 to all the shareholders for the year 2014, which is calculated based on 5,029,412,000 shares in issue and RMB0.35 per share (inclusive of applicable tax). The resolution will be submitted to the coming general meeting for approval.

XIII. OTHER IMPORTANT ITEMS

1. Segment Reporting

Operating segments

For management purpose, the Group is organised into business units based on their products and services, and has one reportable segment: provision of integrated port services. The Management monitors the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

Other information

Information about products and services

For the revenue classified by category, please refer to 33. Operating revenue and cost of Note V.

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

1. Segment Reporting (continued)

Other information (continued)

Geographical information

More than 90% of the Group's operations and customers are located in Mainland China; more than 90% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

Information about major customers

In 2014, there are two customers (2013: two), revenue derived from sales to either single, amounting to RMB1,009,626,771.71 and RMB894,336,360.01 (2013: RMB1,102,381,051.37 and RMB1,031,288,628.13) respectively, representing 10% or more of the Group's total revenue.

2. Leases

As lessee

Significant operating leases: according to the lease contracts entered into with lessors, the minimum lease payments under non-cancellable leases are as follows:

	2014	2013
Within 1 year (including 1 year)	121,539,759.00	121,100,208.33
1 to 2 years (including 2 years)	16,471,900.00	121,056,000.00
2 to 3 years (including 3 years)	16,403,900.00	16,153,500.00
Over 3 years	16,494,300.00	32,307,000.00
	170,909,859.00	290,616,708.33

According to the relevant lease contracts, the above minimum lease payments under non-cancellable leases mainly represent the rental expenses paid to HPG by the Group in respect of the land, buildings, facilities and equipment. The lease term under non-cancellable leases is 1 year and annual rental payment is RMB104,900,000.00. The rentals from the assets leased from related parties by the Group are based on the terms of the agreements entered into between the Group and related parties.

As lessor

For fixed assets leased under operating leases, please refer to 5. Major transactions between the Group and related parties of Note X.

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management

	2014	2013
Fees	175,000.00	200,000.00
Other emoluments:		
Salaries and allowances	5,787,655.84	4,629,378.81
Pension scheme contributions	867,518.15	850,670.32
	6,655,173.99	5,480,049.13
	6,830,173.99	5,680,049.13

(1) Independent non-executive Directors

The fees paid to independent non-executive Directors during the year were as follows:

	2014	2013
LI Man Choi	75,000.00	50,000.00
YU Shulian	75,000.00	100,000.00
ZHAO Zhen	25,000.00	–
LIU Xue	–	50,000.00
SHI Rongyao	–	–
HONG Shanxiang	–	–
	175,000.00	200,000.00

There were no other remunerations payable to the independent non-executive Directors during the year (2013: nil).

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (continued)

(2) Executive Directors, non-executive Directors and Supervisors

	2014	2013
Salaries and allowances:		
Executive Directors:		
XING Luzhen	–	–
HE Shanqi	765,443.13	857,100.47
WANG Lubiao	764,758.29	621,793.19
MA Xiping	755,158.29	618,817.55
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
ZHENG Yunming	–	–
Supervisors:		
CHEN Shaojun	169,747.94	506,903.27
CAO Dong	478,734.01	472,577.19
YANG Jun	437,405.17	224,030.42
MA Chengzhu	–	87,715.90
GE Ying	–	–
LIU Simang	–	–
NIE Yuzhong	–	–
NING Zhongyou	–	–
WANG Yashan	–	–
	3,371,246.83	3,388,937.99

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (continued)

(2) Executive Directors, non-executive Directors and Supervisors (continued)

	2014	2013
Pension scheme contributions:		
Executive Directors:		
XING Luzhen	–	–
HE Shanqi	153,984.04	153,649.68
WANG Lubiao	112,075.92	110,845.68
MA Xiping	111,074.28	106,414.56
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
ZHENG Yunming	–	–
Supervisors:		
CHEN Shaojun	37,788.32	92,235.72
CAO Dong	81,572.88	106,918.08
YANG Jun	68,099.40	37,406.04
MA Chengzhu	–	26,275.00
GE Ying	–	–
LIU Simang	–	–
NIE Yuzhong	–	–
NING Zhongyou	–	–
WANG Yashan	–	–
	564,594.84	633,744.76

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (continued)

(3) Senior management

	2014	2013
Salaries and allowances:		
HE Zhenya	757,548.29	621,793.19
YANG Wensheng	419,834.84	–
GUO Xikun	755,158.29	618,647.63
TIAN Yunshan	483,867.59	–
	2,416,409.01	1,240,440.82
Pension scheme contributions:		
HE Zhenya	111,641.40	110,441.76
YANG Wensheng	41,113.94	–
GUO Xikun	111,363.84	106,483.80
TIAN Yunshan	38,804.13	–
	302,923.31	216,925.56

There was no agreement under which a director or senior management waived or agreed to waive any remuneration during the year.

4. Five Highest Paid Senior Management

The five highest paid employees during the year included three Directors (2013: three), details of whose remuneration are set out in 3. Remunerations of Directors, Supervisors and Senior Management of Note XIII. Details of remunerations of the remaining two non-director employees (2013: two) during the year are as follows:

	2014	2013
Salaries and allowances	1,512,706.58	1,240,440.82
Pension scheme contributions	223,005.24	216,925.56
	1,735,711.82	1,457,366.38

The number of non-directors and non-supervisors whose remunerations fell within the following bands is as follows:

	Number of employees	
	2014	2013
Nil to RMB1,000,000	2	2

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts Receivable

	2014	2013
Within 1 year	168,822,883.41	157,729,108.96
1 to 2 years	25,982,872.19	21,801,319.84
2 to 3 years	–	–
Over 3 years	1,655,441.05	1,655,441.05
	196,461,196.65	181,185,869.85
Provision for bad debts of accounts receivable	(12,675,215.67)	(11,722,028.49)
	183,785,980.98	169,463,841.36

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

	2014	2013
Opening balance	11,722,028.49	9,055,606.34
Provision in the current year	9,720,631.00	4,894,219.53
Reversal in the current year	(8,767,443.82)	(2,227,797.38)
Closing balance	12,675,215.67	11,722,028.49

	2014				2013			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	168,822,883.41	85.93	8,443,810.23	5	157,729,108.96	87.06	7,886,455.45	5
1 to 2 years	25,982,872.19	13.23	2,575,964.39	10	21,801,319.84	12.03	2,180,131.99	10
2 to 3 years	–	–	–	–	–	–	–	–
Over 3 years	1,655,441.05	0.84	1,655,441.05	100	1,655,441.05	0.91	1,655,441.05	100
	196,461,196.65	100.00	12,675,215.67		181,185,869.85	100.00	11,722,028.49	

As at 31 December 2014 and 31 December 2013, the Company performed the impairment test in respect of single accounts receivable that was significant, and considered that there was no need for the provision for bad debts separately. The Company grouped these accounts receivable and made the provision for bad debts in the method of ageing analysis.

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other Receivables

An aged analysis of other receivables is as follows:

	2014	2013
Within 1 year	4,737,923.71	3,863,340.09
1 to 2 years	2,397,300.00	176,592.74
2 to 3 years	106,300.00	420,081.24
Over 3 years	45,525,121.24	56,595,275.20
	52,766,644.95	61,055,289.27
Less: Provision for bad debts of other receivables	(46,033,632.93)	(57,016,935.56)
	6,733,012.02	4,038,353.71

The movements in the provision for bad debts of other receivables are as follows:

	Opening balance	Provision for the year	Decrease in the year		Closing balance
			Reversal	Write-off	
2014	57,016,935.56	285,832.61	(11,269,135.24)	–	46,033,632.93
2013	17,362,716.99	39,654,218.57	–	–	57,016,935.56

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other Receivables (continued)

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

	2014				2013			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	4,737,923.71	8.98	236,891.69	5	3,863,340.09	6.33	277,976.72	7
1 to 2 years	2,397,300.00	4.54	239,730.00	10	176,592.74	0.29	17,659.27	10
2 to 3 yeas	106,300.00	0.20	31,890.00	30	420,081.24	0.69	126,024.37	30
3 to 4 years	24,581.24	0.05	24,581.24	100	56,000,540.00	91.72	56,000,540.00	100
4 to 5 years	45,500,540.00	86.23	45,500,540.00	100	594,735.20	0.97	594,735.20	100
	52,766,644.95	100.00	46,033,632.93		61,055,289.27	100.00	57,016,935.56	

Other receivables by nature are as follows:

	2014	2013
Equity transfer consideration	45,500,540.00	56,000,540.00
Deposits	3,492,977.01	2,899,500.00
Others	3,773,127.94	2,155,249.27
	52,766,644.95	61,055,289.27

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term Equity Investments

2014

		Changes in the year				
	Opening balance	Increase/ (decrease) in investment	Investment income or loss under the equity method	Distribution of cash dividend	Other changes in equity	Closing carrying amount
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	7,045,383.72	–	–	–	–	7,045,383.72
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	4,730,597.16	(4,730,597.16)	–	–	–	–
Qinhuangdao Ruigang Technology Import & Export Co., Ltd.(秦皇島瑞港技術進出口有限公司)	10,125,275.79	–	–	–	–	10,125,275.79
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	–	–	–	–	219,521,347.15
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	2,360,000,000.00	–	–	–	–	2,360,000,000.00
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	–	–	–	–	918,000,000.00
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	895,000,000.00	1,035,000,000.00	–	–	–	1,930,000,000.00
滄州黃驊港原油港務有限公司	–	32,500,000.00	–	–	–	32,500,000.00
唐山曹妃甸冀港煤炭港務有限公司	–	49,500,000.00	–	–	–	49,500,000.00
Total under cost method	4,414,422,603.82	1,112,269,402.84	–	–	–	5,526,692,006.66
Qinhuangdao Honggang Terminal Services Co., Ltd.	2,301,844.66	(2,737,429.17)	673,584.51	(238,000.00)	–	–
Bohai Jin-Ji Port Investment and Development Company Limited* (渤海津冀港口投資發展有限公司)	–	100,000,000.00	–	–	–	100,000,000.00
Sub-total of joint ventures	2,301,844.66	97,262,570.83	673,584.51	(238,000.00)	–	100,000,000.00
Qinhuangdao Huazheng Coal Inspection Institute	2,273,387.63	–	(22,999.57)	–	–	2,250,388.06
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	–	200,000,000.00	3,167,579.17	–	–	203,167,579.17
Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	903,951,307.60	–	170,487,587.36	(105,000,000.00)	1,539,663.84	970,978,558.80
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd.	20,000,000.00	–	–	–	–	20,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	30,045,969.74	(29,987,278.57)	(58,691.17)	–	–	–
Tangshan Jingtang Railway Co., Ltd.	37,935,764.66	–	(805,328.73)	–	–	37,130,435.93
Cangzhou Ocean Shipping Tally Co., Ltd.	–	1,994,046.00	–	–	–	1,994,046.00
Sub-total of associates	994,206,429.63	172,006,767.43	172,768,147.06	(105,000,000.00)	1,539,663.84	1,235,521,007.96
Total under equity method	996,508,274.29	269,269,338.26	173,441,731.57	(105,238,000.00)	1,539,663.84	1,335,521,007.96
Total	5,410,930,878.11	1,381,538,741.10	173,441,731.57	(105,238,000.00)	1,539,663.84	6,862,213,014.62

* *For identification purpose only*

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term Equity Investments (continued)

2013

		Changes in the year				
	Opening balance	Increase/ (decrease) in investment	Investment income or loss under the equity method	Distribution of cash dividend	Other changes in equity	Closing carrying amount
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	7,045,383.72	–	–	–	–	7,045,383.72
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	4,730,597.16	–	–	–	–	4,730,597.16
Qinhuangdao Ruigang Technology Import & Export Co., Ltd.(秦皇島瑞港技術進出口有限公司)	10,125,275.79	–	–	–	–	10,125,275.79
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	–	–	–	–	219,521,347.15
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	2,200,000,000.00	160,000,000.00	–	–	–	2,360,000,000.00
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	–	–	–	–	918,000,000.00
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	70,000,000.00	825,000,000.00	–	–	–	895,000,000.00
Total under cost method	3,429,422,603.82	985,000,000.00	–	–	–	4,414,422,603.82
Qinhuangdao Honggang Terminal Services Co., Ltd.	2,544,479.58	–	268,365.08	(511,000.00)	–	2,301,844.66
Sub-total of joint ventures	2,544,479.58	–	268,365.08	(511,000.00)	–	2,301,844.66
Qinhuangdao Huazheng Coal Inspection Institute	2,274,491.44	–	(1,103.81)	–	–	2,273,387.63
Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	920,671,364.85	–	113,121,308.15	(133,000,000.00)	3,158,634.60	903,951,307.60
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd.	20,000,000.00	–	–	–	–	20,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	15,000,000.00	15,000,000.00	45,969.74	–	–	30,045,969.74
Tangshan Jingtang Railway Co., Ltd.	–	40,000,000.00	(2,064,235.34)	–	–	37,935,764.66
Subtotal of associates	957,945,856.29	55,000,000.00	111,101,938.74	(133,000,000.00)	3,158,634.60	994,206,429.63
Total under equity method	960,490,335.87	55,000,000.00	111,370,303.82	(133,511,000.00)	3,158,634.60	996,508,274.29
Total	4,389,912,939.69	1,040,000,000.00	111,370,303.82	(133,511,000.00)	3,158,634.60	5,410,930,878.11

* *For identification purpose only*

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Available-for-sale Financial Assets

	2014	2013
Unlisted investment		
Available-for-sale equity instruments	562,752,357.95	532,000,000.00

As at 31 December 2014, the fair value of domestic unlisted equity investments held by Group could not be reliable measured due to lack of a quoted price in an active market, and these investment were measured at cost. The Group has no intention to dispose of these investments. The specific details are as follows:

Name of investee	As at 31 December 2013	Increase in the year	Decrease in the year	As at 31 December 2014
SDIC Caofeidian Port Co., Ltd.	498,000,000.00	–	–	498,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd.	34,000,000.00	–	–	34,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	–	30,752,357.95	–	30,752,357.95
Total	532,000,000.00	30,752,357.95	–	562,752,357.95

5. Operating Revenue and Cost

	2014	2013
Operating revenue	6,309,161,544.90	6,197,940,042.97

	2014	2013
Operating cost	3,376,361,483.07	3,382,404,317.29

Operating revenue is as follows:

	2014	2013
Revenue from service in relation to coal and relevant products	5,579,755,378.52	5,517,030,507.74
Revenue from service in relation to metal ore and relevant products	129,155,363.85	128,873,737.18
Revenue from service in relation to general and other cargoes	232,441,502.66	178,205,935.41
Revenue from service in relation to liquefied cargoes	109,422,359.64	127,335,089.84
Revenue from others	258,386,940.23	246,494,772.80
	6,309,161,544.90	6,197,940,042.97

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Investment Income

	2014	2013
Dividend income from holding financial assets available for sale	61,190,000.00	45,000,000.00
Income from long-term equity investments under cost method	3,360,000.00	3,725,175.71
Income from long-term equity investments under equity method	173,441,731.57	111,370,303.82
Including: investment income from associates	172,768,147.06	111,101,938.74
Investment income from joint ventures	673,584.51	268,365.08
Investment income generated from reclassification to available-for-sale financial assets	765,079.38	–
Investment income generated from disposal of long-term equity investment	(1,814,426.82)	–
	236,942,384.13	160,095,479.53