



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



2015

Interim Report

*For identification purposes only

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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 (邢錄珍)

BOARD OF DIRECTORS

(1) Executive Directors

Mr. XING Luzhen (邢錄珍)
Mr. TIAN Yunshan (田雲山)
Mr. WANG Lubiao (王錄彪)
Mr. MA Xiping (馬喜平)

(2) Non-executive Directors

Mr. ZHAO Ke (趙克)
Mr. LI Jianping (李建平)
Mr. MI Xianwei (米獻煒)

(3) Independent Non-executive Directors

Mr. LI Man Choi (李文才)
Mr. ZHAO Zhen (趙振)
Ms. ZANG Xiuqing (臧秀清)
Mr. HOU Shujun (侯書軍)

BOARD COMMITTEES

(1) Audit Committee

Ms. ZANG Xiuqing (臧秀清) (*Chairman*)
Mr. MI Xianwei (米獻煒)
Mr. LI Man Choi (李文才)

(2) Remuneration and Appraisal Committee

Mr. HOU Shujun (侯書軍) (*Chairman*)
Mr. TIAN Yunshan (田雲山)
Ms. ZANG Xiuqing (臧秀清)

(3) Nomination Committee

Mr. ZHAO Zhen (趙振) (*Chairman*)
Mr. LI Jianping (李建平)
Ms. ZANG Xiuqing (臧秀清)

(4) Strategy Committee

Mr. XING Luzhen (邢錄珍) (*Chairman*)
Mr. TIAN Yunshan (田雲山)
Mr. MI Xianwei (米獻煒)
Mr. ZHAO Zhen (趙振)
Mr. HOU Shujun (侯書軍)

SUPERVISORY COMMITTEE

(1) Supervisors

Mr. NIE Yuzhong (聶玉中)
Mr. BU Zhouqing (卜周慶)
Mr. LIU Simang (劉巳莽)
Mr. ZHANG Jun (張軍)
Mr. CAO Dong (曹棟)

(2) Employee Representative Supervisors

Mr. CAO Dong (曹棟)
Mr. ZHANG Jun (張軍)

* 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

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22nd Floor, World-Wide House
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Central, Hong Kong

REGISTERED ADDRESS

35 Haibin Road
Qinhuangdao
Hebei Province, the PRC

HEADQUARTERS

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Hebei Province, the PRC

PRINCIPAL PLACE OF BUSINESS

35 Haibin Road
Qinhuangdao
Hebei Province, the 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)

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Wanchai, Hong Kong

COMPANY WEBSITE

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STOCK CODE

3369

MANAGEMENT DISCUSSION AND ANALYSIS

(I) INDUSTRY OVERVIEW

During the Reporting Period, the PRC's economy saw a slow downward momentum, but has shown some signs of stability since May 2015. Given this background, in the first half of 2015, the pace of ports development shifted from slowdown to becoming stable while the growth in throughput of cargoes in ports slowed down, achieving an increase of approximately 2.5% as compared with the corresponding period of 2014, and the throughput of containers in ports of the PRC reached approximately 103 million TEU, representing an increase of approximately 6.2% as compared with the corresponding period of 2014.

(Source: the China Ports (中國港口) magazine)

(II) RESULTS OF OPERATIONAL AND FINANCIAL PERFORMANCE

(1) Revenue

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

During the Reporting Period, our revenue amounted to RMB3,474,429 thousand, representing a decrease of RMB24,189 thousand or approximately 0.69% as compared to the revenue of RMB3,498,618 thousand for the corresponding period of 2014. The decrease was mainly attributed to the comprehensive effect of the following factors: (1) the decrease in the cargo throughput and the change in the cargo structure of the Group during the Reporting Period; (2) 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 six months ended 30 June					
	2015 Revenue (RMB'000)	Percentage of total revenue (%)	2014 Revenue (RMB'000)	Percentage of total revenue (%)	Increase/ (decrease) (RMB'000)	Increase/ (decrease) (%)
Dry bulk	3,114,287	89.63	3,134,364	89.59	(20,077)	(0.64)
– Coal	2,697,817	77.65	2,790,605	79.76	(92,788)	(3.33)
– Metal ores	416,470	11.98	343,759	9.83	72,711	21.15
Oil and liquefied chemicals	54,890	1.58	52,897	1.51	1,993	3.77
Container	60,655	1.75	55,217	1.58	5,438	9.85
General and other cargoes	115,884	3.34	108,072	3.09	7,812	7.23
Others	128,713	3.70	148,068	4.23	(19,355)	(13.07)
Total	3,474,429	100.00	3,498,618	100.00	(24,189)	(0.69)



MANAGEMENT DISCUSSION AND ANALYSIS

(2) Operating Costs

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

During the Reporting Period, our operating costs amounted to RMB1,939,596 thousand, representing a decrease of RMB19,488 thousand or 0.99% from RMB1,959,084 thousand for the corresponding period of 2014. Such decrease was mainly due to: (1) the decrease in power and fuel costs, environmental protection and sewage charges, consumption of low-cost consumables and materials due to the decrease in the throughput in the corresponding period; and (2) the increase in labor costs arising from the increase in social insurance expenses.

(3) Gross Profit Margin

During the Reporting Period, our gross profit[#] amounted to RMB1,534,833 thousand, representing a decrease of RMB4,700 thousand or 0.31% from RMB1,539,533 thousand for the corresponding period of 2014, and our gross profit margin for the Reporting Period was 44.18%, representing an increase of approximately 0.18% as compared with 44.00% for the corresponding period of 2014. Such increase was mainly attributable to the lesser degree of decrease in gross profit as compared with the decrease in revenue during the Reporting Period.

(4) Segment Analysis¹ (Business Review)

During the Reporting Period, the Group achieved a total cargo throughput of 185.85 million tonnes¹, representing a decrease of 4.49 million tonnes or approximately 2.36%, as compared with the throughput of 190.34 million tonnes¹ for the corresponding period of 2014. The throughputs generated from each of the ports which we operate are as follows:

	For the six months ended 30 June					
	2015		2014		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Qinhuangdao Port ²	125.08	67.30	130.73	68.68	(5.65)	(4.32)
Caofeidian Port ³	41.85	22.52	43.84	23.03	(1.99)	(4.54)
Huanghua Port ⁴	18.92	10.18	15.77	8.29	3.15	19.97
Total	185.85	100.00	190.34	100.00	(4.49)	(2.36)

During the Reporting Period, the Group achieved a cargo throughput of 125.08 million tonnes⁵ in Qinhuangdao Port, representing a decrease of 5.65 million tonnes or approximately 4.32% from 130.73 million tonnes⁵ for the corresponding period of 2014. The decrease was mainly due to the fact that the main cargo handled in Qinhuangdao Port was coal, and the coal throughput decreased slightly due to the slowdown of economic growth and sufficient hydropower in southern China. The Group achieved a cargo throughput of 41.85 million tonnes⁶ in Caofeidian Port, representing a decrease of 1.99 million tonnes or approximately 4.54% from 43.84 million tonnes⁶ for the corresponding period of 2014. The decrease was mainly because (1) big berths were newly added in the Tangshan port district for diversion of cargo resources due to the intensified competitions of cargo resources among different ports; and (2) Caofeidian Shiye repaired and reconstructed the equipments in phase 1 of metal ores terminals during the Reporting Period. The Group achieved a cargo throughput of 18.92 million tonnes in Huanghua Port, representing an increase of 3.15 million tonnes or approximately 19.97% from 15.77 million tonnes for the corresponding period of 2014. The increase was mainly because (1) in order to promote throughput growth, Cangzhou Bohai strived to solicit cargoes and actively developed new types of cargoes during the Reporting Period; (2) Cangzhou Bohai has been qualified for custom clearance of international containers and has developed new cargo resources in the international container market of Cangzhou hinterland; (3) benefited from the favorable grain subsidy policy in the PRC, the throughput of exported grain increased by 114% during the Reporting Period as compared with the corresponding period of 2014.

[#] Gross profit is revenue less operating costs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June					
	2015		2014		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Dry bulk ⁵	171.11	92.07	177.11	93.05	(6.00)	(3.39)
– Coal	114.87	61.81	121.16	63.66	(6.29)	(5.19)
– Metal ores	56.24	30.26	55.95	29.39	0.29	0.52
Oil and liquefied chemicals	3.74	2.01	3.49	1.84	0.25	7.16
Container ⁶	5.85	3.15	4.88	2.56	0.97	19.88
General and other cargoes ⁷	5.15	2.77	4.86	2.55	0.29	5.97
Total¹	185.85	100.00	190.34	100.00	(4.29)	(2.36)

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Reporting Period, the Group recorded a total dry bulk throughput of 171.11 million tonnes, representing a slight decrease of 6.00 million tonnes or approximately 3.39% from 177.11 million tonnes for the corresponding period of 2014. The decrease was mainly due to the decrease of coal throughput affected by economic downturn.

During the Reporting Period, the Group achieved a total coal throughput of 114.87 million tonnes, representing a decrease of 6.29 million tonnes or approximately 5.19% from 121.16 million tonnes for the corresponding period of 2014. Such decrease was mainly attributable to the slight decrease of coal throughput affected by the shifting of macro economy from high level growth to medium-to-high level growth and heavy rain in southern China.

During the Reporting Period, the Group achieved a total metal ores throughput of 56.24 million tonnes, representing a slight increase of 0.29 million tonnes or 0.52% from 55.95 million tonnes for the corresponding period of 2014.



MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Oil and liquefied chemicals handling services

The Group recorded a total oil and liquefied chemicals throughput of 3.74 million tonnes during the Reporting Period, representing an increase of 0.25 million tonnes or approximately 7.16% from 3.49 million tonnes for the corresponding period of 2014. During the Reporting Period, focusing on crude oil from Daqing, the Company tried its utmost to transport more oil by proactively strengthening communication and coordination with relevant customers. At the same time, the Company proactively cooperated with other customers and fully capitalized the opportunities from the commencement of production of their new oil wells in order to reduce the effect of the decrease in production output of old oil wells, so as to increase its throughput of marine oil.

(iii) Container services

During the Reporting Period, the Group achieved better results in respect of the “dry bulk & general cargoes to containers” reform, expansion of imported cargo resources and stabilization and development of shipping lines. As a result, during the Reporting Period, the Group recorded a total container throughput of 441,039 TEU, equivalent to a throughput of 5.85 million tonnes, representing increases in the number of containers handled and throughput of 68,413 TEU and 0.97 million tonnes, respectively, (i.e. approximately 18.36% and 19.88%, respectively) as compared with the number of containers handled and throughput of 372,626 TEU and 4.88 million tonnes for the corresponding period of 2014, respectively.

(iv) General cargoes handling services

During the Reporting Period, the Group recorded a total throughput of general and other cargoes of 5.15 million tonnes, representing an increase of 0.29 million tonnes or approximately 5.97% from 4.86 million tonnes for the corresponding period of 2014. The growth in general cargoes handling throughput was mainly attributable to the Group’s effort in soliciting cargoes in the hinterland, active development of new types of cargoes, and improvement in the handling techniques which increased the handling efficiency.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. Our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services during the Reporting Period. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. During the Reporting Period, the revenue from our ancillary port services and value-added services was RMB103,277 thousand, representing a decrease of 1.02% from RMB104,339 thousand for the corresponding period of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Throughput includes that of Caofeidian Shiye. Caofeidian Shiye 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 Reporting Period, the throughput of Caofeidian Shiye was 41.85 million tonnes, consisting of 1.63 million tonnes of coal, 39.80 million tonnes of metal ores and 0.42 million tonnes of general cargoes.
2. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 219,348 TEU in Qinhuangdao Port during the Reporting Period.
3. Representing throughput from Caofeidian Shiye.
4. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 221,691 TEU in Huanghua Port during the Reporting Period.
5. The dry bulk cargoes we handle mainly consist of coal and metal ores.
6. During the Reporting Period, using TEU as the measuring unit, the Group recorded a containers throughput of 441,039 TEU.
7. General and other cargoes include grain, fertilizer, etc.

(5) Administrative Expenses and Selling Expenses

During the Reporting Period, our total administrative expenses and selling expenses amounted to RMB383,609 thousand, representing an increase of RMB1,512 thousand or approximately 0.40% from RMB382,097 thousand for the corresponding period of 2014. The increase was mainly attributable to: (1) the increase in depreciation and amortization due to the carry-forward of intangible assets by Cangzhou Bohai at the end of 2014; (2) the decrease in managerial expenditure due to the Group's strengthened management.

(6) Financial Costs

During the Reporting Period, our financial costs amounted to RMB152,048 thousand, representing a decrease of RMB4,545 thousand or approximately 2.90% from RMB156,593 thousand for the corresponding period of 2014. The decrease was mainly attributable to the comprehensive effect of the following factors: (1) the year-on-year decrease in interest expenses of the Group arising from the reduction of the RMB loan benchmark rate of financial institutions by the People's Bank of China; (2) the net exchange gains due to foreign exchange rate fluctuations in the corresponding period of 2014; (3) the year-on-year increase in interest income due to the Group's strengthened capital management and the benefit gained from the establishment of a finance company by HPG.

(7) Investment Income

Our investment income for the Reporting Period amounted to RMB171,043 thousand, representing an increase of RMB2,835 thousand or approximately 1.69% from RMB168,208 thousand for the corresponding period of 2014. The increase was mainly attributable to the confirmation of the year-on-year increase in investment income of Hebei Port Group Finance Company Limited and Tangshan Caofeidian Tugboat Co., Ltd.

(8) Net Non-operating Revenue and Expenses

During the Reporting Period, our net non-operating revenue and expenses amounted to RMB35,970 thousand, representing an increase of RMB26,206 thousand or approximately 268.39% from RMB9,764 thousand for the corresponding period of 2014. The increase was mainly attributable to the receipt of government grants for the unemployment insurance this year.

(9) Income Tax Expense

Income tax expense of the Group increased by RMB5,107 thousand to RMB258,873 thousand for the Reporting Period from RMB253,766 thousand for the corresponding period of 2014. The effective income tax rate of the Group increased to 21.78% for the Reporting Period from 21.75% for the corresponding period of 2014, which remained basically the same.



MANAGEMENT DISCUSSION AND ANALYSIS

(10) Net Profit

Net profit of the Group for the Reporting Period amounted to RMB929,815 thousand, representing an increase of RMB16,739 thousand or 1.83% from RMB913,076 thousand for the corresponding period of 2014. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB927,466 thousand, representing an increase of RMB15,530 thousand or 1.70% from RMB911,936 thousand for the corresponding period of 2014.

During the Reporting Period, net profit margin of the Group was approximately 26.76%, representing an increase of 0.66% from approximately 26.10% for the corresponding period of 2014.

(11) Earnings Per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Reporting Period by the weighted average number of ordinary Shares in issue during the Reporting Period. Earnings per Share of the Group for the Reporting Period amounted to RMB0.1844, representing an increase of 1.71% from RMB0.1813 for the corresponding period of 2014. Please refer to Note V-45 to the financial statements 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 the Reporting Period, net cash inflows generated from operating activities were RMB1,430,600 thousand, representing an increase of RMB200,566 thousand or 16.31% from RMB1,230,034 thousand for the corresponding period of 2014. Such increase was mainly attributable to the increase in port handling fees received in advance by the Group during the Reporting Period and the receipt of government grants dedicated for unemployment.

During the Reporting Period, the net cash outflows from investing activities were RMB697,817 thousand, representing a decrease of RMB1,322,849 thousand or 65.47% from RMB2,020,666 thousand for the corresponding period of 2014. Such decrease was mainly attributable to the large payments of terminal construction fees by Cangzhou Huanghuagang Mineral Port Co., Ltd., Tangshan Caofeidian Coal Port Co., Ltd. and Cangzhou Bohai in the corresponding period of 2014.

During the Reporting Period, the net cash inflows from financing activities were RMB-71,884 thousand, representing a decrease of approximately RMB896,184 thousand from RMB824,300 thousand for the corresponding period of 2014. Such decrease was mainly due to the decrease in bank borrowings during the Reporting Period as compared with the corresponding period of 2014 and the payment of expenses for the Global Offering and reduction of state-owned shares in the corresponding period of 2014.

Based on the above, as at 30 June 2015, the Group held a balance of cash and cash equivalents of approximately RMB3,562,323 thousand, representing a decrease of RMB2,038,334 thousand or 36.39% from RMB5,600,657 thousand as at 30 June 2014.

As at 30 June 2015, the gearing ratio (total liabilities divided by total assets) of the Group was 56.10%, decreased by 2.39% as compared with the gearing ratio of 58.49% as at 30 June 2014, which was mainly attributable to the reduction of bank borrowings by the Group during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the summary of the statement of consolidated cash flow of the Group for the Reporting Period:

	For the six months ended 30 June	
	2015 (RMB'000)	2014 (RMB'000)
Net cash generated from operating activities	1,430,600	1,230,034
Net cash (used in)/generated from investing activities	(697,817)	(2,020,666)
Net cash generated from/(used in) financing activities	(71,884)	824,300
Net (decrease)/increase in cash and cash equivalents	660,083	63,300
Cash and cash equivalents at the beginning of period/year	2,902,240	5,537,357
Cash and cash equivalents at the end of period/year	3,562,323	5,600,657

(13) Exchange Rate Risks

The operations of the Group is mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses are settled in RMB. As such, the Group has not adopted any foreign exchange hedging arrangement.

(14) Bank Loans and Other Borrowings

As of 30 June 2015, details of bank loans and other borrowings of the Group are set out in Notes V-19 and 27 to the financial statements in this report.

(15) Pledge of Assets and Contingent Liabilities

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

(16) Capital Commitment

Details of the capital commitment of the Group for the Reporting Period are set out in Note X to the financial statements in this report.



MANAGEMENT DISCUSSION AND ANALYSIS

(17) Management of Working Capital

	30 June 2015	30 June 2014
Current ratio	0.73	0.81
Quick ratio	0.67	0.78
Turnover days of trade receivables	11.45	11.37
Turnover days of trade payables	10.92	9.27

As at 30 June 2015, the current ratio and quick ratio of the Group were 0.73 and 0.67 respectively, representing decreases as compared with the current ratio and quick ratio of 0.81 and 0.78, respectively as at 30 June 2014, which was mainly due to the larger decreases in current assets and quick assets as compared with the decrease in current liabilities mainly arising from repayment of borrowings, payment of construction fees and distribution. The turnover days of trade receivables for the Reporting Period were 11.45 days, representing an increase of 0.08 day from 11.37 days as compared with the corresponding period of 2014, whereas the turnover days of trade payables were 10.92 days, representing an increase of 1.65 days from 9.27 days as compared with the corresponding period of 2014, still at a reasonable level.

(18) Overview of Major Investments

During the Reporting Period, the Group made several investments in its subsidiaries or associated companies, including:

1. On 26 March 2015, Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司), with a share capital of HK\$50 million, was established by the Company in Hong Kong and became a wholly-owned subsidiary of the Company.
2. On 24 April 2015, the Company entered into a capital contribution agreement with Tangshan Port Group Co., Ltd.* (唐山港集團股份有限公司), Caofeidian Port Group Co., Ltd.* (曹妃甸港集團有限公司), Tangshan Fengnan Construction Investment Co., Ltd.* (唐山市豐南建設投資有限公司), Tangshan Haiyida Group Co., Ltd.* (唐山海億達集團公司) and Luannan Zuidong Port Enterprise Co., Ltd.* (灤南嘴東港口實業有限公司), for the establishment of Tangshan Port Investment & Development Co., Ltd.* (唐山港口投資開發有限公司) (“Tangshan Port Investment”). Pursuant to this capital contribution agreement, the entire registered capital of Tangshan Port Investment is RMB2 billion, among which the Company agreed to contribute RMB1.12 billion, representing 56% of the entire registered capital of Tangshan Port Investment. Tangshan Port Investment was established on 5 May 2015 and became a subsidiary of the Company.

* For identification purpose only



MANAGEMENT DISCUSSION AND ANALYSIS

(III) PROSPECTS

The Group is committed to developing into a world leading port industrial clusters operator integrating port operator, comprehensive logistics services provider and capital operator. The Group intends to pursue the following strategies to capture future growth opportunities and consolidate the Group's leading position.

Firstly, to develop the Group into a world leading port operator and to strengthen our leading position as the world's largest independent port operator for major dry bulk cargo. We plan to continue to enhance our operating efficiency and integrated service capacities at Qinhuangdao Port to strengthen our leading position in coal handling business. We aim to increase our investment in new terminals and double our designated annual throughput capacity in Caofeidian Port in the future. We plan to construct berths specialized for metal ores, oil products and coal in Huanghua Port continuously and expect our terminals in Huanghua Port to reach a designated annual throughput capacity of over 100 million tonnes in the future.

Secondly, to continue to enhance our integrated port service capabilities and to develop the Company into a leading provider of comprehensive logistics services. We plan to further promote our port logistics services capabilities, including providing more efficient services for transportation, stacking, storage and coal blending. Building upon our existing offering of coal value-added services, we plan to expand the scope of our services and establish a business model that covers the entire coal logistics value chain. We plan to further strengthen our sales network and information systems. Leveraging on the internet thinking, we will promote the development of our operation and management model of "Internet+Port" and find ways to realize service interworking with internet companies and electric business platforms in the next few years, so as to build an intelligent port integrated with innovation.

Thirdly, to improve our capital operation capabilities through various channels and to develop gradually into a capital operator. The Group is going to speed up the pace of the A share listing application, and will strive for accomplishing A share listing and establishing the A+H dual financing platform at the beginning year of the 13th Five Year plan period, so as to secure the Group's medium to long term success in "Going-Out" development, business diversification and improvement of internationalization level of our capital. The Group's domestic and overseas financing platforms will be made good use of to reduce our financing costs.

Fourthly, to continue to strengthen the relationships with our customers and partners to achieve mutual development. We are committed to building strong and long-term relationships with major customers through long-term contracts, jointly-owned entities in terminals and other strategic alliances. We intend to explore business relationships with new customers. Furthermore, we plan to further strengthen our strategic relationships with other coastal ports and the relevant railway departments.

Fifthly, to continue to focus on technology research and development and human resource development to enhance our operational efficiency and core competitiveness. We intend to further intensify our technology innovation, research and development. Furthermore, we intend to further promote the quality of our workforce by improving our recruitment, training system and incentive mechanisms. Through attracting and retaining high-quality talents, we will establish a team composed of high caliber talents, with ability to adapt to market changes and promote our corporate development.

Sixthly, building upon our operations in the Bohai Rim, to pursue suitable acquisition opportunities in the PRC and abroad to expand our leading advantage. The Group will prudently invest in projects such as ports in the PRC and abroad where appropriate, in terms of capital, by ways of equity investment, merger and acquisition, etc., in order to further expand our leading advantage in dry bulk cargo operations.

Seventhly, to continue to promote our international brand image. We seek to, through various measures, promote our brand name comprehensively, enhance our brand awareness and recognition, and maximize our values contributing to the society, our Shareholders, our clients and employees, and to develop the Group into a well-known brand name among listed port operating companies.



MANAGEMENT DISCUSSION AND ANALYSIS

(IV) USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company have been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds of the Company from the Global Offering amounted to HK\$3,822.76 million. During the Reporting Period, the use of proceeds was in line with that disclosed in the Prospectus.

(V) EVENTS AFTER THE REPORTING PERIOD

On 6 July 2015, the Board resolved to propose the Company to submit its application to the CSRC and other relevant regulatory authorities, for the issuing and listing of no more than 558,000,000 A Shares on the SSE. The final issue size shall be determined by the Board (as authorized at a general meeting) and the sponsor (lead underwriter) through negotiation according to actual conditions. Only new Shares will be issued under the A Share Issue and there will not be any transfer of Shares held by existing Shareholders. The proposed A Share Issue was approved by the Shareholders at the Second EGM of 2015 held on 20 August 2015. Please refer to the announcement titled "Poll Results of EGM" of the Company dated 20 August 2015 for details.

(VI) EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

Staff costs of the Group during the Reporting Period amounted to RMB1,082,625 thousand. Please refer to Note V-22 to the financial statements for the details of the Group's employees, remuneration policy and pension scheme.

OTHER INFORMATION

SHARE CAPITAL

As at 30 June 2015, the total issued share capital of the Company amounted to RMB5,029,412,000, which was divided into 5,029,412,000 Shares with a nominal value of RMB1.00 each, including:

Class of Shares	Number of Shares	Approximate 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 Reporting Period are set out in Note V-29 to the financial statements in this report.

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

As at 30 June 2015, so far as the Directors and Supervisors of the Company are aware, other than the Directors, Supervisors and the senior management of the Company and their respective associates, the following persons had or were 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 in which the Shares were held	Class of Shares	Approximate percentage to the total number of relevant class of issued share capital of the Company	Approximate percentage to 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 Shares	73.92%	61.72%	Long position
HPG	3,104,314,204 (note 1)	Beneficial owner	Domestic Shares	73.92%	61.72%	Long position
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	629,824,026	Beneficial owner	Domestic Shares	15.00%	12.52%	Long position
Hebei Construction & Investment Communications Investment Co., Ltd.	212,692,830	Beneficial owner	Domestic Shares	5.06%	4.23%	Long position



OTHER INFORMATION

Name of Shareholders	Number of Shares held	Capacity in which the Shares were held	Class of Shares	Approximate percentage to the total number of relevant class of issued share capital of the Company	Approximate percentage to the total number of issued share capital of the Company	Long position/ short position
Genesis Asset Managers, LLP	74,700,000	Investment manager	H Shares	9.00%	1.49%	Long position
GUO Guangchang (郭廣昌)	44,839,500 (note 2)	Interest of controlled corporation	H Shares	5.40%	0.89%	Long position
Fosun International Holdings Ltd.	44,839,500 (note 2)	Interest of controlled corporation	H Shares	5.40%	0.89%	Long position
Fosun Holdings Limited	44,839,500 (note 2)	Interest of controlled corporation	H Shares	5.40%	0.89%	Long position
Fosun International Limited	44,839,500 (note 2)	Interest of controlled corporation	H Shares	5.40%	0.89%	Long position
China Shipping (Group) Company	44,296,500 (note 3)	Interest of controlled corporation	H Shares	5.34%	0.88%	Long position
China Shipping (H.K.) Holdings Co., Ltd.	44,296,500 (note 3)	Interest of controlled corporation	H Shares	5.34%	0.88%	Long position
China Shipping Ports Development Co., Ltd.	44,296,500 (note 3)	Beneficial owner	H Shares	5.34%	0.88%	Long position

Notes:

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. Each of Mr. GUO Guangchang (郭廣昌) (being the direct controlling shareholder of Fosun International Holdings Ltd.), Fosun International Holdings Ltd. (being the direct controlling shareholder of Fosun Holdings Limited) and Fosun Holdings Limited (being the direct controlling shareholder of Fosun International Limited) was deemed to be interested in 44,839,500 Shares of the Company respectively under the SFO; and
3. Each of China Shipping (Group) Company (being the direct controlling shareholder of China Shipping (H.K.) Holdings Co., Ltd.) and China Shipping (H.K.) Holdings Co., Ltd. (being the direct controlling shareholder of China Shipping Ports Development Co., Ltd.) was deemed to be interested in 44,296,500 Shares of the Company respectively under the SFO.

Save as disclosed above, as of 30 June 2015, to the best knowledge of the Directors and Supervisors of the Company, none of other persons (other than Directors, Supervisors and senior management of the Company and their respective associates) 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.



OTHER INFORMATION

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

To the best knowledge of the Directors of the Company and according to the notice received by the Company, as of 30 June 2015, none of the Directors, Supervisors or chief executives of the Company 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.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company or any of its subsidiaries did not purchase, sell or redeem any Shares of the Company.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes in Directors during the Reporting Period

Mr. TIAN Yunshan was appointed as an executive Director, a member of Remuneration and Appraisal Committee and a member of Strategy Committee at the First EGM of 2015 held on 12 January 2015.

At the same time, Mr. HE Shanqi resigned as an executive Director, a member of Remuneration and Appraisal Committee and a member of Strategy Committee, which came in effect on the date of the First EGM of 2015.

In addition, Mr. MI Xianwei was appointed as a non-executive Director, Mr. HOU Shujun and Ms. ZANG Xiuqing were appointed as independent non-executive Directors and Mr. BU Zhouqing was appointed as a Supervisor at the AGM of 2014 held on 9 June 2015. Mr. ZHANG Jun was appointed as an employee representative Supervisor of the third session of Supervisory Committee at the democratic joint meeting of the twentieth meeting of the first session of the employee general meeting held on 10 April 2015. As of the date of the AGM of 2014, Ms. ZANG Xiuqing was appointed as the chairman of Audit Committee, a member of Remuneration and Appraisal Committee and a member of Nomination Committee; Mr. MI Xianwei was appointed as a member of Audit Committee and a member of Strategy Committee; and Mr. HOU Shujun was appointed as the chairman of Remuneration and Appraisal Committee and a member of Strategy Committee.

Meanwhile, the following resignations were effective as of the date of the AGM of 2014:

- (i) Mr. DUAN Gaosheng resigned as a non-executive Director, a member of Audit Committee and a member of Strategy Committee;
- (ii) Mr. SHI Rongyao resigned as an independent non-executive Director, the chairman of Remuneration and Appraisal Committee and a member of Strategy Committee; and
- (iii) Ms. YU Shulian resigned as an independent non-executive Director, the chairman of Audit Committee, a member of Remuneration and Appraisal Committee and a member of Nomination Committee.



OTHER INFORMATION

CHANGES IN THE INFORMATION ON DIRECTORS AND SUPERVISORS

Changes in the information on Directors and Supervisors after the issue of 2014 annual report of the Company are set out below pursuant to the Rule 13.51B(1) of the Listing Rules:

Mr. ZHAO Zhen, an independent non-executive Director, was appointed as an independent director of Shandong Aofu Environmental Protection Technology Co., Ltd. (山東奧福環保科技股份有限公司) in April 2015 and was appointed as an independent director of Guangxi Wuzhou Communications Co., Ltd. (廣西五洲交通股份有限公司) (listed on the SSE, stock code: 600368) in the same month.

In addition, the Company is recently aware that our Supervisor, Mr. LIU Simang was appointed as a member of the party committee, director and deputy general manager of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) in November 2014.

MATERIAL LITIGATION AND ARBITRATION

So far as the Directors of the Company 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 Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the Corporate Governance Code. So far as the Directors of the Company are aware, there has been no deviation from the provisions of the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE

During the Reporting Period, the Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and the Supervisors to regulate the securities transactions made by the Directors and Supervisors. Upon specific enquiries made to each Director and Supervisor by the Company, all the Directors and Supervisors confirmed that they have complied with the requirements under the provisions of the Model Code during the relevant period.

INTERIM DIVIDENDS

The Board did not recommend the payment of interim dividends for the six months ended 30 June 2015.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of Corporate Governance Code. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2015.



REVIEW REPORT

Ernst & Young Hua Ming (2015) Zhuan Zi No. 61063699_E06

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

We have reviewed the accompanying financial statements of Qinhuangdao Port Co., Ltd.* and its subsidiaries, which comprise the consolidated and company balance sheets as at 30 June 2015, and the consolidated and company income statement, statement of changes in equity and statement of cash flows for the six months ended 30 June 2015, and notes to the financial statements (hereinafter referred to the "Interim Financial Statements"). Management of Qinhuangdao Port Co., Ltd.* is responsible for the preparation of the Interim Financial Statements. Our responsibility is to issue a review report based on our review of the Interim Financial Statements.

We conducted our review in accordance with the Standards on Review Engagements for CPAs of China No. 2101 – Engagements to review financial statements, which requires that we plan and conduct the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the abovementioned Interim Financial Statements are not prepared in accordance with the Accounting Standards for Business Enterprises No.32 – Interim Financial Report., and do not present fairly, in all material respects, the financial position, operating results and cash flows of Qinhuangdao Port Co., Ltd.*

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Meng Dong

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Zhang Yan

20 August 2015

* For identification purpose only



CONSOLIDATED BALANCE SHEET

30 June 2015

RMB

Assets	Note V	30 June 2015 (unaudited)	31 December 2014
Current assets			
Cash and bank balances	1	3,724,538,510.57	3,095,475,670.05
Bills receivable	2	84,770,306.56	75,817,721.80
Dividends receivable	3	172,429,181.18	–
Accounts receivable	4	227,689,207.69	208,103,086.57
Other receivables	5	39,118,020.18	42,704,201.60
Prepayments	6	15,299,031.00	6,911,273.14
Inventories	7	203,626,819.80	199,661,932.26
Other current assets	8	187,073,664.39	154,165,982.46
Total current assets		4,654,544,741.37	3,782,839,867.88
Non-current assets			
Long-term equity investments	9	1,441,654,603.48	1,471,034,416.26
Available-for-sale financial assets	10	710,376,014.95	710,376,014.95
Investment properties	11	6,360,250.00	6,434,350.00
Fixed assets	12	11,401,086,976.89	11,817,708,396.92
Construction in progress	13	9,486,665,541.33	9,254,680,699.09
Intangible assets	14	947,992,794.53	940,241,413.05
Long-term prepaid expenses		524,098.68	141,850.09
Deferred tax assets	15	145,431,243.75	148,024,801.70
Other non-current assets	17	7,507,380.55	5,296,916.60
Total non-current assets		24,147,598,904.16	24,353,938,858.66
Total assets		28,802,143,645.53	28,136,778,726.54

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2015

RMB

Liabilities and shareholders' equity	Note V	30 June 2015 (unaudited)	31 December 2014
Current liabilities			
Short-term borrowings	19	1,153,828,079.35	1,553,906,160.15
Accounts payable	20	127,383,406.46	104,744,909.38
Deposits received	21	593,728,370.02	540,266,224.40
Employee benefits payable	22	100,359,842.50	85,539,203.98
Taxes payable	23	87,846,321.12	211,107,564.45
Interest payable	24	17,659,408.25	20,391,078.80
Dividend payable	25	1,760,294,485.38	1,141.91
Other payables	26	1,924,435,159.07	2,430,213,492.95
Non-current liabilities due within one year	27	607,151,587.21	469,214,800.00
Total current liabilities		6,372,686,659.36	5,415,384,576.02
Non-current liabilities			
Long-term borrowings	27	9,477,197,989.76	8,986,967,656.50
Deferred income	28	308,632,295.03	316,651,178.29
Total non-current liabilities		9,785,830,284.79	9,303,618,834.79
Total liabilities		16,158,516,944.15	14,719,003,410.81
Shareholders' equity			
Share capital	29	5,029,412,000.00	5,029,412,000.00
Capital reserve	30	4,506,903,112.81	4,506,903,112.81
Other comprehensive income	44	(697,922.36)	-
Special reserve	31	34,467,514.56	21,544,992.62
Surplus reserve	32	884,205,714.39	884,205,714.39
Retained profits	33	965,814,061.97	1,798,642,550.46
Equity attributable to shareholders of the parent		11,420,104,481.37	12,240,708,370.28
Minority interests		1,223,522,220.01	1,177,066,945.45
Total shareholders' equity		12,643,626,701.38	13,417,775,315.73
Total liabilities and shareholders' equity		28,802,143,645.53	28,136,778,726.54

The financial statements have been signed by:

Legal representative:

XING Luzhen

Person in charge of business
operation:

TIAN Yunshan

Chief financial officer:

GUO Xikun

Head of accounting
department:

XIE Hui



CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

RMB

	Note V	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Operating revenue	34	3,474,429,018.16	3,498,617,683.97
Less: Operating cost	34	1,939,595,524.49	1,959,084,302.71
Business tax and surcharges	35	17,418,856.81	17,416,969.91
Selling expenses		44,333.92	4,900.70
Administrative expenses	36	383,564,562.03	382,092,491.30
Financial cost	37	152,047,648.94	156,593,210.15
Asset impairment loss	38	83,021.85	(5,444,134.48)
Add: Investment income	39	171,042,591.98	168,207,972.94
Including: investment income from associates and joint ventures		108,613,410.80	105,402,484.33
Operating profits		1,152,717,662.10	1,157,077,916.62
Add: Non-operating income	40	42,472,030.82	22,174,009.96
Including: gain on disposal of non-current assets		827,209.64	872,000.12
Less: Non-operating expenses	41	6,502,403.34	12,410,372.77
Including: losses on disposal of non-current assets		6,252,034.79	12,250,372.77
Total profit	42	1,188,687,289.58	1,166,841,553.81
Less: Income tax expense	43	258,872,511.29	253,765,598.07
Net profit		929,814,778.29	913,075,955.74
Net profit attributable to shareholders of the parent		927,465,711.51	911,936,036.50
Minority interests		2,349,066.78	1,139,919.24
Other comprehensive income, net of tax			
Other comprehensive income attributable to shareholders of the parent, net of tax			
Other comprehensive income that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign currency denominated financial statements	44	(697,922.36)	–
Other comprehensive income attributable to minority shareholders, net of tax		–	–
Total comprehensive income		929,116,855.93	913,075,955.74
Including: Total comprehensive income attributable to shareholders of the parent		926,767,789.15	911,936,036.50
Total comprehensive income attributable to minority shareholders		2,349,066.78	1,139,919.24
Earnings per share			
Basic and diluted earnings per share	45	0.18	0.18

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

RMB

	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Sub-total		
I. Current period's opening 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
II. Changes during the period									
(I) Total comprehensive income	-	-	(697,922.36)	-	-	927,465,711.51	926,767,789.15	2,349,066.78	929,116,855.93
(II) Contributions from Shareholders									
1. Establishment of new subsidiaries	-	-	-	-	-	-	-	44,000,000.00	44,000,000.00
(III) Profit distribution									
1. Distribution to Shareholders (Note)	-	-	-	-	-	(1,760,294,200.00)	(1,760,294,200.00)	-	(1,760,294,200.00)
(IV) Special reserve									
1. Accrual	-	-	-	37,728,619.85	-	-	37,728,619.85	338,777.63	38,067,397.48
2. Usage	-	-	-	(24,806,097.91)	-	-	(24,806,097.91)	(232,569.85)	(25,038,667.76)
III. Current period's closing balance	5,029,412,000.00	4,506,903,112.81	(697,922.36)	34,467,514.56	884,205,714.39	965,814,061.97	11,420,104,481.37	1,223,522,220.01	12,643,626,701.38

Note: Pursuant to the Resolution on 2014 Profit Distribution deliberated at the nineteenth meeting of the second session of the Board of Qinquangdao Port Co., Ltd.* held on 23 March 2015, the Company proposed to pay a cash dividend totaling RMB1,760,294,200.00 to all the Shareholders, which is calculated based on 5,029,412,000 Shares in issue and RMB0.35 per share (inclusive of tax). The abovementioned dividend distribution plan was approved on the Annual General Meeting held on 9 June 2015.

* For identification purpose only



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2014

RMB

	Equity attributable to shareholders of the parent							Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	
I. Current period'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 period								
(I) Total comprehensive income	-	-	-	-	911,936,036.50	911,936,036.50	1,139,919.24	913,075,955.74
(II) Contributions from Shareholders								
1. Establishment of new subsidiaries	-	-	-	-	-	-	17,500,000.00	17,500,000.00
2. Capital injection to subsidiaries	-	(30,000.00)	-	-	-	(30,000.00)	30,000.00	-
(III) Special reserve								
1. Accrual	-	-	36,669,163.28	-	-	36,669,163.28	333,942.05	37,003,105.33
2. Usage	-	-	(16,239,802.79)	-	-	(16,239,802.79)	(188,632.18)	(16,428,434.97)
(IV) Profit distribution								
1. Distribution to Shareholders	-	-	-	-	(1,609,411,840.00)	(1,609,411,840.00)	(3,002,267.62)	(1,612,414,107.62)
III. Current period's closing balance	5,029,412,000.00	4,506,024,042.23	54,975,204.74	683,389,559.34	931,250,015.00	11,205,050,821.31	1,182,610,480.93	12,387,661,302.24

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

RMB

	Note V	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		3,707,550,270.98	3,606,831,983.34
Cash received relating to other operating activities		53,420,610.30	16,000,272.57
Sub-total of cash inflows		3,760,970,881.28	3,622,832,255.91
Cash paid for goods and services		488,077,176.18	510,937,648.39
Cash paid to and on behalf of employees		1,077,504,571.44	1,085,720,023.09
Cash paid for all taxes		589,013,893.17	514,865,069.08
Cash paid relating to other operating activities		175,775,444.58	281,275,793.57
Sub-total of cash outflows		2,330,371,085.37	2,392,798,534.13
Net cash flows from operating activities	46	1,430,599,795.91	1,230,033,721.78
II. Cash flows from investing activities			
Cash received from return of investment		142,000,000.00	411,712,196.89
Cash received from investment income		30,000,000.00	63,043,488.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,247,660.11	7,446,570.92
Cash received relating to other investing activities		5,863,000.00	–
Sub-total of cash inflows		179,110,660.11	482,202,256.42
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		770,948,141.46	2,101,722,669.79
Cash paid for investments		105,979,200.00	400,930,000.00
Restricted funds deposited with financial institutions		–	215,280.00
Sub-total of cash outflows		876,927,341.46	2,502,867,949.79
Net cash flows from investing activities		(697,816,681.35)	(2,020,665,693.37)



CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2015

RMB

	Note V	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
III. Cash flows from financing activities			
Cash received from capital contribution		44,000,000.00	17,500,000.00
Including: cash received from capital contribution by minority shareholders to subsidiaries		44,000,000.00	–
Cash received from borrowings		1,592,482,701.90	3,620,776,108.00
Cash received relating to other financing activities		–	–
Sub-total of cash inflows		1,636,482,701.90	3,638,276,108.00
Cash paid for repayments of borrowings		1,364,315,581.43	2,028,400,000.00
Cash paid for distribution of dividends or profits and for interest expenses		344,051,420.24	339,041,316.08
Including: dividends paid to minority shareholders by subsidiaries		–	3,002,267.62
Cash paid relating to other financing activities		–	446,534,458.51
Sub-total of cash outflows		1,708,367,001.67	2,813,975,774.59
Net cash flows from financing activities		(71,884,299.77)	824,300,333.41
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(815,174.27)	29,632,392.79
V. Net increase in cash and cash equivalents		660,083,640.52	63,300,754.61
Add: Balance of cash and cash equivalents at the beginning of the period/year		2,902,239,590.05	5,537,356,500.06
VI. Balance of cash and cash equivalents at the end of the period/year	46	3,562,323,230.57	5,600,657,254.67

COMPANY BALANCE SHEET

30 June 2015

RMB

Assets	Note XII	30 June 2015	31 December 2014
Current assets			
Cash and bank balances		2,061,205,681.90	1,822,290,708.54
Bills receivable		80,506,910.57	72,517,721.80
Accounts receivable	1	207,880,531.36	183,785,980.98
Prepayments		458,458.02	796,537.03
Dividends receivable		169,250,000.00	-
Other receivables	2	4,077,133.00	6,733,012.02
Inventories		188,817,761.84	192,956,545.00
Total current assets		2,712,196,476.69	2,279,080,505.37
Non-current assets			
Long-term equity investments	3	6,930,487,238.47	6,862,213,014.62
Available-for-sale financial assets	4	562,752,357.95	562,752,357.95
Investment properties		6,360,250.00	6,434,350.00
Fixed assets		5,794,299,092.09	6,053,974,129.01
Construction in progress		139,223,081.63	194,835,121.80
Intangible assets		414,247,404.60	421,171,167.45
Deferred tax assets		102,537,420.43	105,090,006.74
Other non-current assets		7,354,620.80	5,255,916.60
Total non-current assets		13,957,261,465.97	14,211,726,064.17
Total assets		16,669,457,942.66	16,490,806,569.54



COMPANY BALANCE SHEET (CONTINUED)

30 June 2015

RMB

Liabilities and shareholders' equity	30 June 2015	31 December 2014
Current liabilities		
Short-term borrowings	1,103,828,079.35	1,503,906,160.15
Accounts payable	84,601,510.19	82,515,530.17
Deposits received	567,920,943.74	530,056,642.77
Employee benefits payable	93,024,270.51	80,459,955.11
Taxes payable	83,545,121.18	206,959,607.91
Interest payable	2,731,591.42	5,042,117.54
Dividends payable	1,760,294,485.38	1,141.91
Other payables	251,487,077.81	221,531,244.60
Non-current liabilities due within one year	328,000,000.00	310,000,000.00
Total current liabilities	4,275,433,079.58	2,940,472,400.16
Non-current liabilities		
Long-term borrowings	570,000,000.00	898,000,000.00
Deferred income	308,632,295.03	316,651,178.29
Total non-current liabilities	878,632,295.03	1,214,651,178.29
Total liabilities	5,154,065,374.61	4,155,123,578.45
Shareholders' equity		
Share capital	5,029,412,000.00	5,029,412,000.00
Capital reserve	4,500,194,317.96	4,500,194,317.96
Special reserve	20,518,040.69	10,188,279.91
Surplus reserve	884,067,369.62	884,067,369.62
Retained profits	1,081,200,839.78	1,911,821,023.60
Total shareholders' equity	11,515,392,568.05	12,335,682,991.09
Total liabilities and shareholders' equity	16,669,457,942.66	16,490,806,569.54

COMPANY INCOME STATEMENT

For the six months ended 30 June 2015

RMB

	Note XII	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Operating revenue	5	2,997,507,345.64	3,044,077,985.70
Less: Operating cost	5	1,604,888,158.21	1,610,243,319.30
Business tax and surcharges		14,965,525.96	15,557,064.40
Administrative expenses		348,699,646.24	348,077,899.79
Financial costs		49,657,601.63	52,556,780.30
Asset impairment loss		(2,191,461.88)	(6,358,199.06)
Add: Investment income	6	169,402,447.43	166,592,484.33
Including: Investment income from associates and joint ventures		110,152,447.43	105,402,484.33
Operating profits		1,150,890,322.91	1,190,593,605.30
Add: Non-operating income		42,392,609.20	14,412,626.02
Including: Gain on disposal of non-current assets		827,209.64	872,000.12
Less: Non-operating expenses		6,388,278.73	12,410,372.77
Including: Losses on disposal of non-current assets		6,240,752.18	12,250,372.77
Total profit		1,186,894,653.38	1,192,595,858.55
Less: Income tax expenses		257,220,637.20	261,699,817.29
Net profit		929,674,016.18	930,896,041.26
Net other comprehensive income after taxation		-	-
Total comprehensive income		929,674,016.18	930,896,041.26



COMPANY STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 and 2014

RMB

For the six months ended 30 June 2015 (unaudited)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current period's opening 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
II. Changes during the period						
(I) Total comprehensive income	-	-	-	-	929,674,016.18	929,674,016.18
(II) Profit distribution						
1. Distribution to shareholders	-	-	-	-	(1,760,294,200.00)	(1,760,294,200.00)
(III) Special reserve						
1. Accrual	-	-	33,825,041.44	-	-	33,825,041.44
2. Usage	-	-	(23,495,280.66)	-	-	(23,495,280.66)
III. Current period's closing balance	5,029,412,000.00	4,500,194,317.96	20,518,040.69	884,067,369.62	1,081,200,839.78	11,515,392,568.05

For the six months ended 30 June 2014 (unaudited)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current period'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 period						
(I) Total comprehensive income	-	-	-	-	930,896,041.26	930,896,041.26
(II) Profit distribution						
1. Distribution to shareholders	-	-	-	-	(1,609,411,840.00)	(1,609,411,840.00)
(III) Special reserve						
1. Accrual	-	-	32,506,659.34	-	-	32,506,659.34
2. Usage	-	-	(14,428,288.74)	-	-	(14,428,288.74)
III. Current period's closing balance	5,029,412,000.00	4,499,315,247.38	46,409,692.22	683,251,214.57	1,035,371,669.39	11,293,759,823.56

COMPANY STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

RMB

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	3,181,306,032.08	3,178,424,406.72
Cash received relating to other operating activities	47,487,081.28	6,677,791.01
Sub-total of cash inflows	3,228,793,113.36	3,185,102,197.73
Cash paid for goods and services	408,994,434.02	387,307,106.80
Cash paid to and on behalf of employees	992,563,739.98	996,175,997.57
Cash paid for all taxes	535,371,012.22	487,752,928.61
Cash paid relating to other operating activities	170,926,488.68	248,960,328.97
Sub-total of cash outflows	2,107,855,674.90	2,120,196,361.95
Net cash flows from operating activities	1,120,937,438.46	1,064,905,835.78
II. Cash flows from investing activities		
Cash received from return of investment	55,000,000.00	10,000,000.00
Cash received from investment income	30,000,000.00	61,428,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,240,443.13	4,429,555.83
Cash received relating to other investing activities	5,863,000.00	-
Sub-total of cash inflows	92,103,443.13	75,857,555.83
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	49,065,027.30	95,971,019.16
Cash paid for investments	96,115,000.00	1,142,500,000.00
Restricted funds deposited with financial institutions	-	215,280.00
Sub-total of cash outflows	145,180,027.30	1,238,686,299.16
Net cash flows from investing activities	(53,076,584.17)	(1,162,828,743.33)



COMPANY STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2015

RMB

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
III. Cash flows from financing activities		
Cash received from borrowings	600,000,000.00	1,600,000,000.00
Sub-total of cash inflows	600,000,000.00	1,600,000,000.00
Cash paid for repayments of borrowings	1,310,000,000.00	1,635,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	68,811,279.56	88,723,912.48
Cash paid relating to other financing activities	–	446,534,458.51
Sub-total of cash outflows	1,378,811,279.56	2,170,258,370.99
Net cash flows from financing activities	(778,811,279.56)	(570,258,370.99)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(134,601.37)	29,634,151.82
V. Net increase in cash and cash equivalents	288,914,973.36	(638,547,126.72)
Add: Balance of cash and cash equivalents at the beginning of the period/year	1,772,075,428.54	3,787,282,306.32
VI. Balance of cash and cash equivalents at the end of the period/year	2,060,990,401.90	3,148,735,179.60

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 and metal ores as well as various types of cargo including oil and liquefied chemicals 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 labour 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 (valid until the date stated in licence); computer system services.

The parent and ultimate controlling shareholder of the Company is Hebei Port Group Co., Ltd.* (河北港口集團有限公司) (“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 20 August 2015.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope is consistent with that of previous year save for the subsidiaries newly established during the accounting period for the six months ended 30 June 2015.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with “Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting” issued by the Ministry of Finance, thus they do not include all the information and disclosures in the audited financial statements for the year ended 2014. Therefore, these interim financial statements should be read together with the financial statements of the Group for the year ended 2014 prepared pursuant to the accounting standards for business enterprises.

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



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 30 June 2015 and their financial performance and cash flows for the accounting period for the six months ended 30 June 2015. The accounting policies used in these interim financial statements are the same as those followed in the preparation of the Group's last year's financial statements.

2. Accounting Period

The accounting year for the Group is from 1 January to 31 December of each calendar year while its accounting period for these interim financial statements is from 1 January to 30 June.

3. Functional Currency

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

The reporting currencies of the subsidiaries of the Group operating overseas are subject to their respective principal economic environment, and will be denominated in RMB for the preparation of the financial statements.

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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business Combinations (continued)

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 fair value of identifiable net assets, liabilities and contingent liabilities, and fair value of consideration paid (or the fair value of the equity securities issued), and fair value of equity interest in the acquiree is conducted first. If the sum of the fair value of this consideration (or the fair value of the equity securities issued) and the fair value of equity interest in the acquiree held before the acquisition date is still lower than the fair value of the acquiree's identifiable net assets acquired, the difference is recognised in profit or loss for the current period.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 accounting period for the six months ended 30 June 2015 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 period'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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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.

For foreign operations, the Group translates all amounts of functional currencies into RMB for the preparation of the financial statements. For assets and liabilities in the balance sheet, spot exchange rates at the balance sheet date are used for translation, while, for shareholder's equity, spot exchange rates prevailing on the transaction dates are adopted for items other than "undistributed profit". For items of income and expenses in the income statement, spot exchange rates prevailing on the transaction dates are adopted. Translation differences of functional currencies resulting from the translations mentioned above are recognised as other comprehensive income. For the disposal of foreign operations, other comprehensive incomes relating to foreign operations transfer to profit or loss for the current period for disposal, subject to the ratio of disposal.

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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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 financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial 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 ownership of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the ownership of the financial asset, but has transferred control of the financial 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 financial asset.

Classification and measurement of financial assets

The Group’s 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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Classification and measurement of financial assets (continued)

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 maturity date and fixed or determinable payments that the Group 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 amortization 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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 and 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.

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 accounting 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 future cash flows which are discounted at the current market rate of return for a similar financial asset is recognised as an impairment loss in profit or loss for the current period. Once an impairment loss is recognised, it is not reversed.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Transfers of financial assets

If the Group has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, 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.

Assets formed by the continuing involvement through the provision of financial guarantee in respect of the transferred financial assets shall be recognised as 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, the balance of 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 has been incurred, an impairment loss is recognised and a bad debt provision is made based on the shortfall of the present value of 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 ageing as the credit risk characteristics. The provisions for bad debts of accounts receivable and other receivables are recorded based on the ageing 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



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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, the balance of accounts receivable and other receivables falling below RMB10 million but with objective evidence that an impairment may have been incurred, are individually assessed for impairment. 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, etc.

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. The provision for decline in value is generally made on individual basis, while for inventories in large quantity and lower unit price, the provision for decline in value is made on category basis.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 amount 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 amount 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 amount 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 recognised 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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 of the long-term equity investments 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 recognising its share of the net 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 shareholders' equity.

On disposal of the long-term equity investments, the difference between carrying amounts and actual proceeds received is recognised 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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 fixed 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%	3.23 – 4.85%
Machinery and equipment	6 – 20 years	3%	4.85 – 16.17%
Vessel and transportation equipment	6 – 10 years	3%	9.70 – 16.17%
Office and other equipment	6 years	3%	16.17%

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Construction in Progress

Costs for construction in progress are recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, recognised 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 of the asset is resumed.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 Group reduces the carrying amount 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 made accordingly.

For the purpose of goodwill 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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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.

For temporary differences between the tax bases and the carrying amounts of assets and liabilities at the balance sheet date, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined but which have not been recognised as assets and liabilities, deferred tax is provided using the balance sheet liability method.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

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



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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 Company'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 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 the Group will not be able to collect the debts. 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.

NOTES TO FINANCIAL STATEMENTS

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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 was jointly published by the Ministry of Finance and the State Administration of Taxation on 27 May 2013, the Group's related port service revenues are subject 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

In accordance with the Corporate Income Tax Law of the PRC and the Implementation Rules of the Corporate Income Tax Law of the PRC (Decree of the State Council No. 512), as recognised by the office of the State Administration of Taxation of Cangzhou Huanghuagang Development Zone, Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a subsidiary of the Group, is eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by this company from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for an exemption of enterprise income tax for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year (being 2010) in which the project first generates operating income.

* For identification purpose only



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	30 June 2015 (unaudited)	31 December 2014
Cash on hand	89,592.71	33,015.11
Bank deposits	3,724,448,917.86	3,095,442,654.94
	3,724,538,510.57	3,095,475,670.05
Less: Restricted bank deposits	215,280.00	215,280.00
Time deposits with maturity of more than three months	162,000,000.00	193,020,800.00
Cash and cash equivalents	3,562,323,230.57	2,902,239,590.05

As at 30 June 2015, the ownership of the bank deposits of the payment guarantee deposits amounting to RMB215,280.00 (31 December 2014: RMB215,280.00) of the Group for the purpose of project construction was subject to restriction.

As at 30 June 2015, the cash and bank balances deposited overseas by the Group were equivalent to RMB67,604,722.64 (31 December 2014: RMB30,061,189.06).

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

	30 June 2015 (unaudited)	31 December 2014
Commercial acceptance notes	5,326,709.00	5,259,181.00
Bank acceptance notes	79,443,597.56	70,558,540.80
	84,770,306.56	75,817,721.80

As at 30 June 2015, no bills receivable of the Group was pledged (31 December 2014: nil).

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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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:

	30 June 2015 (unaudited)		31 December 2014	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	1,470,000.00	–	10,458,063.03	–

3. Dividends Receivable

	30 June 2015 (unaudited)	31 December 2014
Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	140,000,000.00	–
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	29,250,000.00	–
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	3,179,181.18	–
	172,429,181.18	–

4. Accounts Receivable

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

An ageing analysis of the accounts receivable is as follows:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year	186,543,064.26	193,664,524.88
1 to 2 years	56,081,440.70	26,003,621.74
2 to 3 years	–	–
Over 3 years	1,655,441.05	1,655,441.05
	244,279,946.01	221,323,587.67
Provision for bad debts	(16,590,738.32)	(13,220,501.10)
	227,689,207.69	208,103,086.57

* For identification purpose only



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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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:

	Opening balance in the period/year	Provision in the current period/year	Decrease in the current period/year		Closing balance in the period/year
			Reversal	Write-off	
For the six months ended 30 June 2015 (unaudited)	13,220,501.10	3,370,237.22	-	-	16,590,738.32
2014	12,858,380.85	1,010,285.57	(644,106.17)	(4,059.15)	13,220,501.10

	30 June 2015 (unaudited)				31 December 2014			
	Balance		Provision for bad debts		Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	186,543,064.26	76.36	9,333,956.94	5	193,664,524.88	87.50	8,986,865.71	5
1 to 2 years	56,081,440.70	22.96	5,601,340.33	10	26,003,621.74	11.75	2,578,194.34	10
2 to 3 years	-	-	-	-	-	-	-	-
Over 3 years	1,655,441.05	0.68	1,655,441.05	100	1,655,441.05	0.75	1,655,441.05	100
	244,279,946.01	100.00	16,590,738.32		221,323,587.67	100.00	13,220,501.10	

As at 30 June 2015 and 31 December 2014, the Group performed its impairment tests 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 a provision for bad debts by the method of ageing analysis.

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

5. Other Receivables

An ageing analysis of other receivables is as follows:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year	38,616,621.10	40,702,700.97
1 to 2 years	2,627,887.48	2,431,884.00
2 to 3 years	17,379.60	106,300.00
Over 3 years	40,630,721.24	45,525,121.24
	81,892,609.42	88,766,006.21
Less: Provision for bad debts of other receivables	(42,774,589.24)	(46,061,804.61)
	39,118,020.18	42,704,201.60

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

	Opening balance in the period/year	Provision in the current period/year	Decrease in the current period/year		Closing balance in the period/year
			Reversal	Write-off	
For the six months ended 30 June 2015 (unaudited)	46,061,804.61	1,785,852.66	(5,073,068.03)	–	42,774,589.24
2014	60,639,880.12	24,197.87	(14,588,122.70)	(14,150.68)	46,061,804.61

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

	30 June 2015 (unaudited)				31 December 2014			
	Balance		Provision for bad debts		Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	38,616,621.10	47.16	1,879,365.37	5	40,702,700.97	45.85	265,063.37	1
1 to 2 years	2,627,887.48	3.21	259,288.75	10	2,431,884.00	2.74	239,730.00	10
2 to 3 years	17,379.60	0.02	5,213.88	30	106,300.00	0.12	31,890.00	30
3 to 4 years	105,600.00	0.13	105,600.00	100	24,581.24	0.03	24,581.24	100
Over 4 years	40,525,121.24	49.48	40,525,121.24	100	45,500,540.00	51.26	45,500,540.00	100
	81,892,609.42	100.00	42,774,589.24		88,766,006.21	100.00	46,061,804.61	



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

5. Other Receivables (continued)

Other receivables by nature are as follows:

	30 June 2015 (unaudited)	31 December 2014
Equity transfer consideration	40,500,540.00	45,500,540.00
Government grants	33,323,300.00	33,323,300.00
Deposits	3,880,424.00	4,058,977.01
Utilities	1,779,172.50	1,779,172.50
Others	2,409,172.92	4,104,016.70
	81,892,609.42	88,766,006.21

As at 30 June 2015, 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	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 the 2nd half of 2015

6. Prepayments

An ageing analysis of prepayments is as follows:

	30 June 2015 (unaudited)		31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	14,671,661.00	95.90	6,058,258.14	87.66
1 to 2 years	6,070.00	0.04	230,000.00	3.33
2 to 3 years	621,300.00	4.06	623,015.00	9.01
	15,299,031.00	100.00	6,911,273.14	100.00

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

7. Inventories

	30 June 2015 (unaudited)			31 December 2014		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	79,653,322.76	-	79,653,322.76	93,717,523.41	-	93,717,523.41
Fuels	9,787,834.76	-	9,787,834.76	10,059,532.13	-	10,059,532.13
Spare parts	107,182,880.16	-	107,182,880.16	92,745,132.74	-	92,745,132.74
Low-cost consumables	1,906,646.06	-	1,906,646.06	1,993,475.35	-	1,993,475.35
Finished goods	5,096,136.06	-	5,096,136.06	1,146,268.63	-	1,146,268.63
	203,626,819.80	-	203,626,819.80	199,661,932.26	-	199,661,932.26

8. Other Current Assets

	30 June 2015 (unaudited)	31 December 2014
Accumulated deductible value-added taxes	170,723,596.09	136,610,050.20
Prepaid enterprise income tax	16,350,068.30	17,555,932.26
	187,073,664.39	154,165,982.46



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

9. Long-term Equity Investments

For the six months ended 30 June 2015 (unaudited)

	Increase/(decrease) during the period							Provision for impairment at the end of the period
	Opening balance	Increase in investment	Investment income or loss under the equity method	Decrease in investment	Declaration of cash dividend	Other equity movements	Provision for impairment	
Unlisted investments Equity method:								
Joint ventures								
Bohai Jin-li Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	100,000,000.00	-	541,808.99	-	-	-	-	100,541,808.99
Sub-total	100,000,000.00	-	541,808.99	-	-	-	-	100,541,808.99
Associates								
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,250,388.06	-	(730,286.44)	-	-	-	-	1,520,101.62
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	203,167,579.17	-	5,257,494.06	-	-	-	-	208,425,073.23
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	970,978,558.80	-	104,620,629.47	-	(140,000,000.00)	2,006,776.42	-	937,605,964.69
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興業秦港能源儲運有限公司)	20,000,000.00	-	-	-	-	-	-	20,000,000.00
Haridan International Land Port Co., Ltd. (邯鄲國際港務有限公司)	73,346,265.51	-	(37,941.89)	-	-	-	-	73,308,323.62
Tangshan Jingqiang Railway Co., Ltd. (唐山京唐鐵路有限公司)	37,130,435.93	-	(358,578.14)	-	-	-	-	36,771,857.79
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	-	(679,715.25)	-	-	-	-	63,481,473.54
Sub-total	1,371,034,416.26	-	108,071,601.81	-	(140,000,000.00)	2,006,776.42	-	1,341,112,794.49
Total	1,471,034,416.26	-	108,613,410.80	-	(140,000,000.00)	2,006,776.42	-	1,441,654,603.48

* For identification purpose only

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

9. Long-term Equity Investments (continued)

2014

	Increase/(decrease) during the year							Provision for impairment at the end of the year
	Opening balance	Increase in investment	Investment income or loss under the equity method	Decrease in investment	Declaration of cash dividend	Other equity movements	Provision for impairment	
Unlisted investments Equity method:								
Joint ventures								
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港棧務有限公司)	2,301,844.66	-	673,584.51	(2,737,429.17)	(238,000.00)	-	-	-
Bohai Jinji 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 Caoledian Shipie 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 Xingao Qingang Energy Storage & Transportation Co., Ltd. (秦皇島興泰港能儲運有限公司)	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. (滄州黃港鋼鐵物流有限公司)	30,045,969.74	-	(68,691.17)	(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	-

As at 30 June 2015 and 31 December 2014, all of the long-term equity investments of the Group were unlisted investments.

As at 30 June 2015, the Group had no unrecognised investment loss (31 December 2014: nil).

* For identification purpose only



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

10. Available-for-sale Financial Assets

	30 June 2015 (unaudited)	31 December 2014
Unlisted investments		
Available-for-sale equity instruments	710,376,014.95	710,376,014.95

As at 30 June 2015, the equity investments held by the Group in unlisted companies in the PRC are measured at cost. The Group does not intend to dispose of these investments. The details are as follows:

Investee	Shareholding	31 December 2014	Increase in the period	Decrease in the period	30 June 2015	Cash dividend for the period
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	59,250,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	17.00%	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)	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)	18.03%	81,881,910.00	-	-	81,881,910.00	3,179,181.18
Total		710,376,014.95	-	-	710,376,014.95	62,429,181.18

Management of the Group is of the opinion that no provision for impairment of available-for-sale financial assets was necessary as at 30 June 2015 and 31 December 2014.

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

11. Investment Properties

Land use right

	For the six months ended 30 June 2015 (unaudited)	2014
Cost		
Opening balance in the period/year	7,410,000.00	4,695,600.01
Transferred from intangible assets	–	2,714,399.99
Closing balance in the period/year	7,410,000.00	7,410,000.00
Accumulated depreciation		
Opening balance in the period/year	975,650.00	524,342.00
Provision for the period/year	74,100.00	102,960.00
Transferred from intangible assets	–	348,348.00
Closing balance in the period/year	1,049,750.00	975,650.00
Carrying amounts		
Opening balance in the period/year	6,434,350.00	4,171,258.01
Closing balance in the period/year	6,360,250.00	6,434,350.00

The above investment properties are all located in the PRC and held under medium term leases.

As at 30 June 2015, the above investment properties were all leased out under operating leases.



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

12. Fixed Assets

For the six months ended 30 June 2015 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2015	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
Purchase	-	-	35,994.27	119,578.32	129,491.82	285,064.41
Transferred from construction in progress	2,058,583.00	23,636,065.07	100,165,622.95	6,818,282.26	1,962,441.23	134,640,994.51
Transferred to construction in progress due to renovation and retrofitting	-	-	(28,051,621.00)	-	-	(28,051,621.00)
Disposal for the period	-	-	(32,948,705.01)	(2,113,341.00)	(269,164.00)	(35,331,210.01)
30 June 2015	2,785,054,292.25	7,430,994,487.37	7,431,880,923.73	454,024,354.49	207,040,553.04	18,308,994,610.88
Accumulated depreciation						
1 January 2015	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 the period (Note)	64,241,729.19	148,244,017.38	300,933,512.34	20,804,747.65	9,174,842.11	543,398,848.67
Transferred to construction in progress due to renovation and retrofitting	-	-	(26,575,475.98)	-	-	(26,575,475.98)
Disposal for the period	-	-	(26,352,673.01)	(2,049,940.77)	(256,110.97)	(28,658,724.75)
30 June 2015	840,604,848.82	1,290,758,088.22	4,322,279,279.56	286,296,793.40	159,312,148.84	6,899,251,158.84
Provision for impairment						
1 January 2015 and 30 June 2015	-	-	8,569,150.20	-	87,324.95	8,656,475.15
Carrying amounts of fixed assets						
30 June 2015	1,944,449,443.43	6,140,236,399.15	3,101,032,493.97	167,727,561.09	47,641,079.25	11,401,086,976.89

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

12. Fixed Assets (continued)

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

Note: For the six months ended 30 June 2015, depreciation of RMB1,121,696.44 (2014: RMB2,973,458.90) 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 30 June 2015, the Group has no fixed assets which were temporarily idle (31 December 2014: nil).



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30 June 2015

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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:

	30 June 2015 (unaudited)	31 December 2014
Terminal facilities	865,538,946.16	947,966,814.92
Machinery and equipment	23,364,525.18	20,140,333.85
Buildings	16,586,992.34	17,774,574.50
Vessels and transportation equipment	–	52,407.00
Office and other equipment	9,258.34	–
	905,499,722.02	985,934,130.27

13. Construction in Progress

	30 June 2015 (unaudited)			31 December 2014		
	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	4,680,507,620.04	–	4,680,507,620.04	4,535,296,611.47	–	4,535,296,611.47
Phase 2 of coal terminal project in Caofeidian	4,440,426,848.08	–	4,440,426,848.08	4,313,504,767.56	–	4,313,504,767.56
Commencing project of complex port zone in Huanghua Port	213,065,563.51	–	213,065,563.51	201,654,577.63	–	201,654,577.63
Construction project of wind-proof net for coal stacking yards	91,947,053.00	–	91,947,053.00	94,021,567.00	–	94,021,567.00
Renovation project for reutilization of wastewater with dust	13,953,619.38	–	13,953,619.38	13,996,250.62	–	13,996,250.62
System retrofitting of dumpers for Phase Four coal project	4,011,130.18	–	4,011,130.18	8,468,571.93	–	8,468,571.93
Reinforcing renovation for structures of terminals	–	–	–	8,051,858.07	–	8,051,858.07
Stackers for Phase Three coal project	–	–	–	35,957,093.28	–	35,957,093.28
Others	42,753,707.14	–	42,753,707.14	43,729,401.53	–	43,729,401.53
Total	9,486,665,541.33	–	9,486,665,541.33	9,254,680,699.09	–	9,254,680,699.09

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.

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30 June 2015

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

13. Construction in Progress (continued)

For the six months ended 30 June 2015 (unaudited)

	Budget	Opening balance	Increase in the period	Transferred from fixed assets during the period	Transferred to fixed assets and intangible assets during the period	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in CaoFeidian	5,428,903,500.00	4,313,504,767.56	127,288,701.04	-	(366,620.52)	4,440,426,848.08	Loans from financial institutes and self-owned capital	83
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	4,535,296,611.47	145,529,982.92	-	(318,974.35)	4,680,507,620.04	Funds raised, loans from financial institutes and self-owned capital	81
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	201,654,577.63	11,477,652.55	-	(66,666.67)	213,065,563.51	Loans from financial institutes and self-owned capital	87
Reinforcing renovation for structures of terminals Stackers for Phase Three coal project	57,600,000.00	8,051,858.07	11,641,914.00	-	(19,693,772.07)	-	Self-owned capital	100
Construction project of wind-proof net for coal stacking yards	54,000,000.00	35,957,093.28	8,031,462.25	-	(43,988,555.53)	-	Self-owned capital and other resources	100
System retrofitting of dumpers for Phase Four coal project	378,000,000.00	94,021,567.00	2,224,546.00	-	(4,299,060.00)	91,947,053.00	Self-owned capital	64
Renovation project for reutilization of wastewater with dust	425,000,000.00	8,468,571.93	17,263,599.58	-	(21,721,041.33)	4,011,130.18	Loans from financial institutes, self-owned capital and other resources	83
Others	6,222,893,500.00	43,729,401.53	40,798,562.45	1,476,145.02	(43,250,401.86)	42,753,707.14	Self-owned capital	47
Total	25,944,935,045.73	9,254,680,699.09	365,404,323.73	1,476,145.02	(134,895,626.51)	9,486,665,541.33		



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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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 disposal 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	15,000,000.00	9,401,709.36	2,504,736.40	-	(11,906,445.76)	-	-	Self-owned capital	79
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 reutilization of wastewater with dust	32,020,000.00	320,500.00	13,675,750.62	-	-	-	13,996,250.62	Self-owned capital	44
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	20,473,495,041.46	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		

NOTES TO FINANCIAL STATEMENTS

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

13. Construction in Progress (continued)

For the six months ended 30 June 2015 (unaudited)

	Progress of project	Accumulated amounts of capitalised interest	Including: Capitalised interest for the period	Ratio of capitalised interest for the period
Commencing project of complex port zone in Huanghua Port	87%	540,325,004.64	–	–
Phase 2 of coal terminal project in Caofeidian	83%	530,114,322.75	85,004,831.36	5.37%-7.05%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	81%	284,159,079.64	80,732,252.18	5.65%-6.84%
		1,354,598,407.03	165,737,083.54	

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	



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

14. Intangible Assets

For the six months ended 30 June 2015 (unaudited)

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2015	602,401,542.75	73,175,191.71	401,069,625.50	1,076,646,359.96
Purchase for the period	–	–	21,250,155.00	21,250,155.00
Transferred from construction in progress	–	254,632.00	–	254,632.00
30 June 2015	602,401,542.75	73,429,823.71	422,319,780.50	1,098,151,146.96
Accumulated amortisation				
1 January 2015	76,048,342.88	55,435,209.88	4,921,394.15	136,404,946.91
Provision for the period (Note)	6,345,444.48	3,528,915.95	3,879,045.09	13,753,405.52
30 June 2015	82,393,787.36	58,964,125.83	8,800,439.24	150,158,352.43
Carrying amounts				
30 June 2015	520,007,755.39	14,465,697.88	413,519,341.26	947,992,794.53

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

14. Intangible Assets (continued)

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	–	46,572.65	29,505.00	76,077.65
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	73,175,191.71	401,069,625.50	1,076,646,359.96
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	7,609,268.48	2,132,637.48	22,478,034.92
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	55,435,209.88	4,921,394.15	136,404,946.91
Carrying amounts				
31 December 2014	526,353,199.87	17,739,981.83	396,148,231.35	940,241,413.05

Note: For the six months ended 30 June 2015, amortisation of RMB1,726,279.33 (2014: RMB3,398,772.97) provided for intangible assets directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 30 June 2015, the Group had no intangible assets from internal research and development (31 December 2014: nil).

The land use rights above are all located in the PRC and held under medium term leases.



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30 June 2015

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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:

	30 June 2015 (unaudited)		31 December 2014	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government subsidy	308,632,295.00	77,158,073.75	316,651,178.32	79,162,794.58
Asset impairment provision	56,373,726.00	14,093,431.50	58,729,074.44	14,682,268.61
Pre-provision employee salary	45,000,000.00	11,250,000.00	45,000,000.00	11,250,000.00
Difference between tax base and accounting base of fixed assets	171,718,954.00	42,929,738.50	171,718,954.04	42,929,738.51
	581,724,975.00	145,431,243.75	592,099,206.80	148,024,801.70

Deferred tax assets which are not recognised are as follows:

	30 June 2015 (unaudited)	31 December 2014
Deductible temporary differences	781,541.00	138,307.82
Deductible losses	25,601,211.60	26,208,946.18
	26,382,752.60	26,347,254.00

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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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:

	30 June 2015 (unaudited)	31 December 2014
2015	21,833,812.29	29,629,179.51
2016	19,726,111.82	19,726,111.82
2017	19,217,134.49	19,217,134.49
2018	15,394,012.12	15,394,012.12
2019	28,752,649.12	30,387,758.06
2020	2,246,674.60	–
	107,170,394.44	114,354,196.00

16. Asset Impairment Provision

For the six months ended 30 June 2015 (unaudited)

	Opening balance	Provision for the period	Decrease during the period		Closing balance
			Reversal	Write-off	
Provision for bad debts					
Including: Accounts receivable	13,220,501.10	3,370,237.22	–	–	16,590,738.32
Other receivables	46,061,804.61	1,785,852.66	(5,073,068.03)	–	42,774,589.24
Fixed assets impairment provision	8,656,475.15	–	–	–	8,656,475.15
	67,938,780.86	5,156,089.88	(5,073,068.03)	–	68,021,802.71

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	1,010,285.57	(644,106.17)	(4,059.15)	13,220,501.10
Other receivables	60,639,880.12	24,197.87	(14,588,122.70)	(14,150.68)	46,061,804.61
Fixed assets impairment provision	8,656,475.15	–	–	–	8,656,475.15
	82,154,736.12	1,034,483.44	(15,232,228.87)	(18,209.83)	67,938,780.86



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

17. Other Non-current Assets

	30 June 2015 (unaudited)	31 December 2014
Prepayments for engineering equipment	7,507,380.55	5,296,916.60

18. Assets with Restricted Ownership

As at 30 June 2015, 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 2014: RMB215,280.00).

19. Short-term Borrowings

	30 June 2015 (unaudited)	31 December 2014
Unsecured borrowings	1,153,828,079.35	1,553,906,160.15

As at 30 June 2015, the interest rate of the above borrowings ranged from 3.78% to 6.00% per annum (31 December 2014: 3.78% to 6.70%).

As at 30 June 2015, the Group has no outstanding short-term borrowings falling due (31 December 2014: nil).

NOTES TO FINANCIAL STATEMENTS

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

20. Accounts Payable

The accounts payable are interest-free and generally repayable within 90 days.

An ageing analysis of accounts payable is as follows:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year	112,678,228.10	93,382,003.82
1 to 2 years	8,546,725.01	4,172,957.29
2 to 3 years	974,381.00	2,654,108.65
Over 3 years	5,184,072.35	4,535,839.62
	127,383,406.46	104,744,909.38

As at 30 June 2015, the Group has no significant accounts payable ageing more than 1 year (31 December 2014: nil).

21. Deposits Received

	30 June 2015 (unaudited)	31 December 2014
Port handling fees	587,985,565.90	536,732,836.56
Weighing fees	5,395,833.72	2,954,443.64
Others	346,970.40	578,944.20
	593,728,370.02	540,266,224.40

As at 30 June 2015, the Group had no significant deposits received ageing more than 1 year (31 December 2014: nil).



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30 June 2015

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

22. Employee Benefits Payable

For the six months ended 30 June 2015 (unaudited)

	Opening balance	Accrued	Paid	Closing balance
Short-term benefits	85,534,076.30	931,302,476.42	916,502,534.79	100,334,017.93
Post-employment benefits (defined contribution plans)	5,127.68	180,701,092.67	180,680,395.78	25,824.57
	85,539,203.98	1,112,003,569.09	1,097,182,930.57	100,359,842.50

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	62,034,621.00	611,050,447.03	610,583,642.71	62,501,425.32
Staff welfare	–	28,347,837.84	28,347,837.84	–
Social insurance	30,809.32	65,327,379.56	65,322,092.20	36,096.68
Including: Medical insurance	30,691.05	53,616,521.21	53,611,694.37	35,517.89
Work injury insurance	118.27	7,024,630.15	7,024,361.01	387.41
Maternity insurance	–	4,686,228.20	4,686,036.82	191.38
Housing funds	16,213,551.68	118,648,694.72	115,768,782.07	19,093,464.33
Union fund and employee education fund	4,442,594.20	14,086,004.00	13,454,003.27	5,074,594.93
Short-term paid leaves	–	5,270,376.17	5,270,376.17	–
Other short-term benefits	2,812,500.10	88,571,737.10	77,755,800.53	13,628,436.67
	85,534,076.30	931,302,476.42	916,502,534.79	100,334,017.93

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	136,928,442.36	136,920,329.34	8,113.02
Unemployment insurance	5,127.68	10,374,998.59	10,374,272.37	5,853.90
Enterprise annuity contribution (Note)	–	33,397,651.72	33,385,794.07	11,857.65
	5,127.68	180,701,092.67	180,680,395.78	25,824.57

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

22. Employee Benefits Payable (continued)

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



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

22. Employee Benefits Payable (continued)

2014 (continued)

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

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 limit required by the national regulations, which is accrued within 1/12 of prior year's total payroll of the Group. The total payment made by the enterprise and employees shall not exceed 1/6 of prior year's total payroll of the Group. The Group's payment for the period is calculated at 5% of prior year's total payroll.

23. Taxes Payable

	30 June 2015 (unaudited)	31 December 2014
Value-added tax	21,180,374.87	16,561,910.19
Business tax	31,038.46	863,673.18
Enterprise income tax	61,079,218.47	179,920,962.31
Urban maintenance and construction tax	1,485,464.41	1,221,640.29
Education surcharge	1,061,045.99	872,600.13
Individual income tax	2,967,955.77	11,658,882.79
Others	41,223.15	7,895.56
	87,846,321.12	211,107,564.45

24. Interest Payable

	30 June 2015 (unaudited)	31 December 2014
Interest on bank borrowings	17,659,408.25	20,391,078.80

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

25. Dividend payable

	30 June 2015 (unaudited)	31 December 2014
HPG	1,086,509,971.40	–
Daqin Railway Co., Ltd.	14,962,500.00	–
China Shipping (Group) Company	14,698,455.80	–
China Life Investment Holding Company Limited	14,698,455.80	–
Shougang Group	14,698,455.80	–
Beijing Enterprises Group Company Limited	14,698,455.80	–
Datong Coal Mine Group Co., Ltd.	14,698,455.80	–
Hebei Construction & Investment Communications Investment Co., Ltd.	74,442,490.50	–
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	220,438,409.10	–
Overseas shareholders	290,448,835.38	1,141.91
	1,760,294,485.38	1,141.91

26. Other Payables

	30 June 2015 (unaudited)	31 December 2014
Engineering equipment expenses	1,763,139,893.93	2,279,345,483.71
Sewage charges of dust	67,039,414.28	64,982,449.99
Facilities leasing expenses	66,288,776.60	58,212,026.60
Others	27,967,074.26	27,673,532.65
	1,924,435,159.07	2,430,213,492.95

As at 30 June 2015, significant other payables ageing more than 1 year are as follows (unaudited):

	Sums payable	Outstanding reason
Engineering equipment expenses payable	644,968,949.88	Not yet settled
Facilities leasing expenses payable	50,135,276.60	Not yet settled
	695,104,226.48	

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

	Sums payable	Outstanding reason
Engineering equipment expenses payable	818,733,670.31	Not yet settled
Facilities leasing expenses payable	42,058,526.60	Not yet settled
	860,792,196.91	



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

27. Long-term Borrowings

	30 June 2015 (unaudited)	31 December 2014
Unsecured borrowings	10,084,349,576.97	9,456,182,456.50
Less: long-term borrowings due within one year	607,151,587.21	469,214,800.00
Non-current portion	9,477,197,989.76	8,986,967,656.50

As at 30 June 2015, the interest rate of the above borrowings ranged from 5.09% to 7.05% per annum (31 December 2014: 5.54% to 7.21%).

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

	30 June 2015 (unaudited)	31 December 2014
Within 1 year (including 1 year)	607,151,587.21	469,214,800.00
Within 2 years (including 2 years)	1,386,118,898.92	502,754,200.00
Within 2 to 5 years (including 5 years)	3,549,728,599.39	1,737,294,311.00
Over 5 years	4,541,350,491.45	6,746,919,145.50
	10,084,349,576.97	9,456,182,456.50

28. Deferred Income

	30 June 2015 (unaudited)	31 December 2014
Government grants in relation to assets		
Special environmental subsidy	138,136,461.70	137,400,344.96
Subsidy for retrofitting of contingency coal storage depot	167,500,000.00	176,575,000.00
Technology centre project funds	2,612,500.00	2,287,500.00
Others	83,333.33	88,333.33
Government grants in relation to income		
Technology centre project funds	300,000.00	300,000.00
	308,632,295.03	316,651,178.29

NOTES TO FINANCIAL STATEMENTS

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

28. Deferred Income (continued)

As at 30 June 2015, liabilities items related to government grants are as follows (unaudited):

	Opening balance	Increase in the period	Recognised in non-operating revenue in the period	Closing balance	Related to assets/income
Special environmental subsidy	137,400,344.96	5,463,000.00	4,726,883.26	138,136,461.70	Related to assets
Retrofitting of contingency coal storage depot	176,575,000.00	–	9,075,000.00	167,500,000.00	Related to assets
Technology centre project funds	2,287,500.00	400,000.00	75,000.00	2,612,500.00	Related to assets
Others	88,333.33	–	5,000.00	83,333.33	Related to assets
Technology centre project funds	300,000.00	–	–	300,000.00	Related to income
	316,651,178.29	5,863,000.00	13,881,883.26	308,632,295.03	

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 centre 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 centre 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	



NOTES TO FINANCIAL STATEMENTS

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

29. Share Capital

	30 June 2015 (unaudited)		31 December 2014	
	Balance	Percentage (%)	Balance	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

30. Capital Reserve

For the six months ended 30 June 2015 (unaudited)

	Opening balance	Increase in the period	Decrease in the period	Closing balance
	Share premium	4,499,014,774.98	–	–
Others	7,888,337.83	–	–	7,888,337.83
	4,506,903,112.81	–	–	4,506,903,112.81

NOTES TO FINANCIAL STATEMENTS

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

30. Capital Reserve (continued)

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	4,498,135,704.40	879,070.58	–	4,499,014,774.98
Others	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

31. Special Reserve

For the six months ended 30 June 2015 (unaudited)

	Opening balance	Amount accrued in the period	Amount utilised in the period	Closing balance
Production safety expenses	21,544,992.62	37,728,619.85	(24,806,097.91)	34,467,514.56

2014

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



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

32. Surplus Reserve

For the six months ended 30 June 2015 (unaudited)

	Opening balance	Amount accrued in the period	Amount utilised in the period	Closing balance
Statutory surplus reserve	884,205,714.39	–	–	884,205,714.39

2014

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

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.

33. Retained Profits

	For the six months ended 30 June 2015 (unaudited)	31 December 2014
Retained profits at the beginning of the period/year	1,798,642,550.46	1,628,725,818.50
Net profit attributable to shareholders of the parent	927,465,711.51	1,980,144,727.01
Less: Appropriation to statutory surplus reserve	–	200,816,155.05
Cash dividend payable for common shares (Note)	1,760,294,200.00	1,609,411,840.00
Retained profits at the end of the period/year	965,814,061.97	1,798,642,550.46

Note: Pursuant to the resolution deliberated at the meeting of the Board held on 23 March 2015, 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 Shareholders, which is calculated based on 5,029,412,000 shares in issue. The resolution has been approved at the annual general meeting of the Company held on 9 June 2015.

NOTES TO FINANCIAL STATEMENTS

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

34. Operating Revenue and Cost

Revenue, which is 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 by and receivable of the Group during the year.

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Revenue from the principal operations	3,471,933,798.63	3,479,400,849.69
Revenue from other operations	2,495,219.53	19,216,834.28
	3,474,429,018.16	3,498,617,683.97

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Cost of the principal operations	1,934,314,491.09	1,944,802,930.93
Cost of other operations	5,281,033.40	14,281,371.78
	1,939,595,524.49	1,959,084,302.71

Revenue is as follows:

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Revenue from service in relation to coal and relevant products	2,697,817,206.32	2,790,604,837.31
Revenue from service in relation to metal ores and relevant products	416,470,146.76	343,759,474.51
Revenue from service in relation to general and other cargoes	115,883,518.11	108,071,504.34
Revenue from container service	60,654,890.37	55,216,858.47
Revenue from service in relation to liquefied cargoes	54,889,922.24	52,897,111.98
Revenue from others	128,713,334.36	148,067,897.36
	3,474,429,018.16	3,498,617,683.97



NOTES TO FINANCIAL STATEMENTS

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

35. Business Tax and Surcharges

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Business tax	234,977.76	347,958.65
Urban maintenance and construction tax and education surcharge	17,183,879.05	17,069,011.26
	17,418,856.81	17,416,969.91

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

36. Administrative Expenses

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Payroll	264,503,400.65	264,688,571.74
Depreciation and amortisation	33,621,719.55	30,676,336.44
Tax expenses	30,099,935.68	29,475,645.11
Rental expenses	15,489,321.64	16,354,221.22
Repair and maintenance expenses	6,384,876.80	4,376,422.93
Office charges	5,683,083.73	6,335,107.80
Epidemic prevention expenses	3,732,111.67	3,567,136.53
Travel expenses	4,272,890.32	3,653,149.43
Business entertainment expenses	1,551,967.99	2,185,680.76
Others	18,225,254.00	20,780,219.34
	383,564,562.03	382,092,491.30

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

37. Financial Cost

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Interest expenses	341,319,749.69	334,830,684.56
Including: interest on bank loans repayable within 5 years	201,413,303.75	171,480,757.03
interest on other loans	139,906,445.94	163,349,927.53
Less: interest income	23,784,275.59	6,940,153.34
Less: capitalised interest	165,737,083.54	141,985,569.83
Foreign exchange loss/(gain)	38,314.58	(29,632,392.79)
Others	210,943.80	320,641.55
	152,047,648.94	156,593,210.15

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

38. Asset Impairment Loss

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Provision for bad debts	83,021.85	(5,444,134.48)



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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

39. Investment Income

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Dividend income on holding available-for-sale financial assets	62,429,181.18	62,805,488.61
Long-term equity investment income accounted for under the equity method	108,613,410.80	105,402,484.33
Including: Investment income from associates	108,071,601.81	105,290,392.47
Investment income from joint ventures	541,808.99	112,091.86
	171,042,591.98	168,207,972.94

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

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

40. Non-operating Income

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Gain on disposal of non-current assets	827,209.64	872,000.12
Including: gain on disposal of fixed assets	827,209.64	872,000.12
Government grants	41,295,323.26	21,148,223.65
Others	349,497.92	153,786.19
	42,472,030.82	22,174,009.96

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30 June 2015

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

40. Non-operating Income (continued)

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

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)	Related to assets/income
Retrofitting of contingency coal storage depot	9,075,000.00	9,087,500.00	Related to assets
Container subsidy	–	7,622,900.00	Related to income
Special environmental subsidy	4,726,883.26	3,802,091.60	Related to assets
Employment subsidy (Note)	27,410,040.00	–	Related to income
Others	83,400.00	635,732.05	
	41,295,323.26	21,148,223.65	

Note: Pursuant to the Opinion on the Use of Unemployment Insurance Benefits and Employment Subsidy (《關於使用失業保險金援企穩崗的意見》) (Ji Zheng Ban Han [2014] No. 18) issued by the General Office of the People's Government of Hebei Province, the Notice on Relevant Issues Concerning Carrying out the Implementation Opinion on Unemployment Insurance Benefits and Employment Subsidy (《關於貫徹落實〈關於做好失業保險金援企穩崗工作的實施意見〉有關問題的通知》) (Qin Ren She [2014] No. 184) promulgated by the Bureau of Human Resources & Social Securities of Qinhuangdao and the Notice on the 2014 Unemployment Insurance Benefits and Employment Subsidy Policy Applicable to 46 Enterprises including Shouqin Metal Materials Co., Ltd. (《關於首秦金屬材料有限公司等46家企業享受2014年失業保險援企穩崗政策的通知》) (Qin Zheng Han [2015] No. 2) promulgated by the General Office of the People's Government of Qinhuangdao City, the relevant government subsidy received and recognised by the Group for the six months ended 30 June 2015 amounted to RMB27,410,040.00 (for the six months ended 30 June 2014: nil).

41. Non-operating Expenses

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Losses on disposal of non-current assets	6,252,034.79	12,250,372.77
Including: Losses on disposal of fixed assets	6,252,034.79	12,250,372.77
External donation	–	160,000.00
Others	250,368.55	–
	6,502,403.34	12,410,372.77



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

42. Total Profit

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

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Payroll	1,082,625,093.53	1,058,157,731.61
Depreciation and amortisation	554,754,279.83	550,902,785.87
Power and fuel costs	163,832,296.77	180,021,010.47
Consumption expense of machinery	71,375,250.80	70,175,262.63
Rental expenses	78,859,059.88	79,133,959.27
Environmental protection and sewage charges	93,915,256.40	97,188,736.70
Repair and maintenance expenses	132,471,987.52	121,396,959.85
Tax	47,518,792.49	46,892,615.02
Interest expense	175,582,666.15	192,845,114.73
Provision/(reversal) of asset impairment loss	83,021.85	(5,444,134.00)
Net losses on disposal of non-current assets	5,424,825.15	11,378,372.65

43. Income Tax Expense

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Current income tax expenses	256,278,953.34	238,032,628.55
Deferred income tax expenses	2,593,557.95	15,732,969.52
	258,872,511.29	253,765,598.07

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30 June 2015

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

43. Income Tax Expense (continued)

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

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Total profit	1,188,687,289.58	1,166,841,553.81
Income tax expenses calculated at the statutory tax rate	297,171,822.40	291,710,388.45
Effect of different tax rates of subsidiaries	629,079.15	–
Income not subject to tax	(15,607,295.30)	(15,701,372.15)
Investment income from associates and joint ventures	(27,153,352.70)	(26,350,621.09)
Expenses not deductible for tax	1,057,245.83	3,178,334.01
Unrecognised deductible losses	561,668.65	7,343,494.62
Unrecognised deductible temporary difference	781,541.00	–
Adjustments in respect of income tax of previous periods	626,250.29	(11,257,405.69)
Others	805,551.97	4,842,779.92
Income tax expenses calculated at the Group's effective tax rate	258,872,511.29	253,765,598.07

44. Other Comprehensive Income

Accumulated balance of other comprehensive income attributable to the parent company in the balance sheet:

	1 January 2015	Increase/(decrease)	30 June 2015
Exchange differences arising from translation of foreign currency denominated financial statements	–	(697,922.36)	(697,922.36)

Amount of other comprehensive income attributable to the parent company in the income statement for the current period:

	Profit before tax	Income tax	Profit after tax
Exchange differences arising from translation of foreign currency denominated financial statements	(697,922.36)	–	(697,922.36)



NOTES TO FINANCIAL STATEMENTS

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

45. Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the period 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:

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	927,465,711.51	911,936,036.50
Shares		
Weighted average number of ordinary shares in issue of the Company	5,029,412,000.00	5,029,412,000.00

For the six months ended 30 June 2015, the Company had no dilutive potential ordinary shares in issue (for the six months ended 30 June 2014: nil).

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

46. 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:

	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Net profit	929,814,778.29	913,075,955.74
Add: Asset impairment loss	83,021.85	(5,444,134.48)
Fixed assets depreciation	542,277,152.23	542,143,701.51
Amortisation of intangible assets	12,027,126.19	8,489,802.83
Amortisation of investment property	74,100.00	46,956.00
Amortisation of long-term deferred expenses	375,901.41	222,325.53
Amortisation of deferred income	(13,881,883.26)	(13,139,591.60)
Losses on disposal of fixed assets, intangible assets and other long-term assets	5,424,825.15	11,036,372.65
Financial costs	175,620,980.73	163,212,721.94
Investment income	(171,042,591.98)	(168,207,972.94)
Decrease in deferred income tax assets	2,593,557.95	15,732,969.52
(Increase)/decrease in inventories	(3,964,887.54)	1,005,235.62
Increase in other current assets	511,771.97	-
Increase in operating receivables	(38,423,304.17)	(63,032,544.21)
Decrease in operating payables	(21,912,706.21)	(194,479,195.96)
Increase in special reserve	11,021,953.30	19,371,119.63
Net cash flows from operating activities	1,430,599,795.91	1,230,033,721.78

Net movements in cash and cash equivalents:

	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Balances of cash at the end of the period	3,562,323,230.57	5,600,657,254.67
Less: Balances of cash at the beginning of the period	2,902,239,590.05	5,537,356,500.06
Net (decrease)/increase in cash and cash equivalents	660,083,640.52	63,300,754.61



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

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

(2) Cash and cash equivalents

	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Cash	3,562,323,230.57	5,600,657,254.67
Including: Cash on hand	89,592.71	86,628.12
Bank deposits on demand	3,562,233,637.86	5,600,570,626.55
Balance of cash and cash equivalents at the end of the period	3,562,323,230.57	5,600,657,254.67

47. Foreign Currency Monetary Items

	30 June 2015 (unaudited)			31 December 2014		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US\$	5,157,518.84	6.1136	31,531,007.20	4.97	6.1190	30.41
EUR	3.74	6.8699	25.69	3.74	7.4556	27.88
HK\$	241,266,063.64	0.7886	190,264,830.45	233,628,976.43	0.7889	184,302,890.64
Other receivables						
HK\$	726.88	0.7886	573.22	-	0.7889	-
Prepayments						
HK\$	1,772.17	6.1136	10,834.31	-	6.1190	-
Dividend payable						
HK\$	361.88	0.7886	285.38	1,447.53	0.7889	1,141.91
Accounts payable						
US\$	42,510.17	6.1136	259,890.15	42,470.65	6.1190	259,877.92
JPY	-	0.0501	-	17,000.00	0.0514	873.31
Other payables						
HK\$	59,446.50	0.7886	46,880.11	1,517,100.32	0.7889	1,196,840.44
Short-term borrowings						
HK\$	300,310,773.83	0.7886	236,828,079.35	300,310,773.83	0.7889	236,906,160.15
			458,942,405.86			422,667,842.66

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VI. 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 RMB'0000	Percentage of shareholding	
					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)	Tangshan city	Tangshan city	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)	Tangshan city	Tangshan city	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	–
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港盛(香港)有限公司)	Hong Kong	Hong Kong	International trade	HK\$50,000,000	100.00	–
Tangshan Port Investment & Development Co., Ltd.* (唐山港口投資開發有限公司)	Tangshan city	Tangshan city	Port construction	200,000	56.00	–
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	–

* For identification purpose only



NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in Subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

For the six months ended 30 June 2015 (unaudited)

	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 period
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	1,557,798.78	–	886,151,848.58

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

NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB'0000	Percentage of shareholding (%)		Accounting treatment
					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)	Tianjin city	Tianjin city	Investment and development	200,000	50.00	–	Equity method
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司) (Note 1)	Qinhuangdao city	Qinhuangdao city	Loading and unloading services	500	35.00	–	–
Qinhuangdao Wanhui Logistics Co., Ltd. (秦皇島萬匯物流有限公司) (Note 2)	Qinhuangdao city	Qinhuangdao city	Shipping agent	50	–	49.00	–
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 Company Limited (河北港口集團財務有限公司)	Qinhuangdao city	Qinhuangdao city	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)	Tangshan city	Tangshan city	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	80,000	–	20.00	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Tangshan city	Tangshan city	Railway operation	100,000	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	18,331.77	–	35.00	Equity method

Note 1: The Company transferred all its equity interests in Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司) in December 2014.

Note 2: Pursuant to a resolution passed at the 2014 first general meeting of Qinhuangdao Wanhui Logistics Co., Ltd. (秦皇島萬匯物流有限公司), all shareholders agreed to cancel and liquidate the company.

* For identification purpose only



NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

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.

	30 June 2015 (unaudited)	31 December 2014
Current assets	201,083,617.98	200,000,000.00
Including: Cash and cash equivalents	201,082,617.98	200,000,000.00
Non-current assets	-	-
Total assets	201,083,617.98	200,000,000.00
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Owners' equity	201,083,617.98	200,000,000.00
Share of net assets in proportion to shareholding	50%	50%
Carrying amount of investment	100,541,808.99	100,000,000.00

* For identification purpose only

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Revenue	–	–
Financial cost – interest income	1,090,353.28	–
Financial cost – interest expense	–	–
Income tax expense	–	–
Net profit	1,083,617.98	–
Including: Net profit attributable to the parent	1,083,617.98	–
Other comprehensive income	–	–
Total comprehensive income	1,083,617.98	–

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.

At 30 June 2015 (unaudited)

	Caofeidian Shiye	Hebei Port Finance Company
Current assets	3,039,109,038.97	2,975,254,399.63
Including: Cash and cash equivalents	533,227,511.34	2,974,612,102.17
Non-current assets	5,083,035,571.86	204,910,330.59
Total assets	8,122,144,610.83	3,180,164,730.22
Current liabilities	3,048,312,162.05	2,659,102,047.14
Non-current liabilities	2,381,414,883.11	–
Total liabilities	5,429,727,045.16	2,659,102,047.14
Minority interest	13,543,380.84	–
Equity attributable to shareholders of the parent	2,678,874,184.83	521,062,683.08
Share of net assets in proportion to shareholding	35%	40%
Carrying amount of investment	937,605,964.69	208,425,073.23

* For identification purpose only



NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

For the six months ended 30 June 2015 (unaudited)

	Caofeidian Shiye	Hebei Port Finance Company
Revenue	911,481,673.19	38,893,311.48
Financial cost – interest income	1,705,436.61	–
Financial cost – interest expense	151,625,994.15	–
Income tax expense	51,566,186.85	4,385,038.86
Net profit	305,302,989.57	13,143,735.15
Including: Net profit attributable to the parent	298,916,084.22	13,143,735.15
Other comprehensive income	–	–
Total comprehensive income	305,302,989.57	13,143,735.15

31 December 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

NOTES TO FINANCIAL STATEMENTS

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

For the six months ended 30 June 2014 (unaudited)

	Caofeidian Shiye	Hebei Port Finance Company
Revenue	932,493,097.45	–
Financial cost – interest income	1,583,039.29	–
Financial cost – interest expense	156,423,143.06	–
Income tax expense	68,636,270.80	–
Net profit	303,360,259.99	–
Including: Net profit attributable to the parent	302,214,217.96	–
Other comprehensive income	–	–
Total comprehensive income	303,360,259.99	–

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

Associates	30 June 2015 (unaudited)	31 December 2014
Total carrying amount of investment	195,081,756.57	196,888,278.29
	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Total amount of the following items calculated in the Group's equity proportion		
Net profit	(1,806,521.72)	(887,019.47)
Other comprehensive income	–	–
Total comprehensive income	(1,806,521.72)	(887,019.47)



NOTES TO FINANCIAL STATEMENTS

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VII. 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

	30 June 2015 (unaudited)		31 December 2014	
	Loans and receivables	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets
Cash and bank balances	3,724,538,510.57	–	3,095,475,670.05	–
Bills receivable	84,770,306.56	–	75,817,721.80	–
Dividends receivable	172,429,181.18	–	–	–
Accounts receivable	227,689,207.69	–	208,103,086.57	–
Other receivables	39,118,020.18	–	42,704,201.60	–
Available-for-sale financial assets	–	710,376,014.95	–	710,376,014.95
	4,248,545,226.18	710,376,014.95	3,422,100,680.02	710,376,014.95

Financial liabilities

	30 June 2015 (unaudited)	31 December 2014
	Other financial liabilities	Other financial liabilities
Short-term borrowings	1,153,828,079.35	1,553,906,160.15
Accounts payable	127,383,406.46	104,744,909.38
Interest payable	17,659,408.25	20,391,078.80
Dividends payable	1,760,294,485.38	1,141.91
Other payables	1,924,435,159.07	2,430,213,492.95
Non-current liabilities due within one year	607,151,587.21	469,214,800.00
Long-term borrowings	9,477,197,989.76	8,986,967,656.50
	15,067,950,115.48	13,565,439,239.69



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Transfer of Financial Assets

Continuing involvement in transferred financial assets derecognised generally

As at 30 June 2015, the Group has endorsed bank acceptance notes with a carrying amount of RMB1,470,000.00 (31 December 2014: RMB10,458,063.03) to suppliers to settle the amounts payable. As at 30 June 2015, 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.

For the six months ended 30 June 2015, the Group did not recognise any profit or loss at the date of transfer. The Group had no current and accumulated income or expense related to Continuing Involvement of financial assets which had been derecognised. The endorsement happens evenly throughout the year.

3. 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.



NOTES TO FINANCIAL STATEMENTS

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

Credit risk (continued)

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 30 June 2015, there is a concentration of specific credit risk within the Group as 48% (31 December 2014: 59%) 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 30 June 2015 and 31 December 2014, amounts receivable that were neither past due nor impaired, and ageing analysis on amounts receivable that were past due but not impaired of the Group are as follows:

	30 June 2015 (unaudited)	31 December 2014
Neither past due nor impaired	109,885,599.65	91,934,097.85
Past due but not impaired – within 3 months	20,830,265.44	33,851,687.14
Past due but not impaired – more than 3 months	96,973,342.60	82,317,301.58
	227,689,207.69	208,103,086.57

As at 30 June 2015, 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 30 June 2015, accounts receivable that were past due but not impaired related to 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.

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

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 30 June 2015, 16% (31 December 2014: 18%) 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:

30 June 2015 (unaudited)

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	-	127,383,406.46	-	-	127,383,406.46
Interest payable	-	17,659,408.25	-	-	17,659,408.25
Dividends payable	285.38	1,760,294,200.00	-	-	1,760,294,485.38
Other payables	161,295,265.14	1,763,139,893.93	-	-	1,924,435,159.07
Short-term borrowings	-	1,174,954,350.29	-	-	1,174,954,350.29
Non-current liabilities					
due within one year	-	634,295,962.85	-	-	634,295,962.85
Long-term borrowings	-	602,358,045.92	6,370,156,329.74	5,575,053,331.06	12,547,567,706.72
	161,295,550.52	6,080,085,267.70	6,370,156,329.74	5,575,053,331.06	18,186,590,479.02



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

Liquidity risk (continued)

31 December 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

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*
For the six months ended 30 June 2015 (unaudited)			
RMB	50	(29,966,640.40)	–
RMB	(50)	29,966,640.40	–
For the six months ended 30 June 2014 (unaudited)			
RMB	50	(37,527,500.00)	–
RMB	(50)	37,527,500.00	–

* Excluding retained earnings.

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

Liquidity 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 payables 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*
For the six months ended 30 June 2015 (unaudited)			
If the RMB strengthens against the HK\$	1%	(1,823,321.85)	(78,860.53)
If the RMB strengthens against the US\$	1%	(312,819.51)	–
If the RMB weakens against the HK\$	(1%)	1,823,321.85	78,860.53
If the RMB weakens against the US\$	(1%)	312,819.51	–
For the six months ended 30 June 2014 (unaudited)			
If the RMB strengthens against the HK\$	1%	(10,053,818.15)	–
If the RMB strengthens against the US\$	1%	2,589.22	–
If the RMB weakens against the HK\$	(1%)	10,053,818.15	–
If the RMB weakens against the US\$	(1%)	(2,589.22)	–

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. For the six months ended 30 June 2015 and for the six months ended 30 June 2014, there was no change in the Group's capital management objectives, policies or processes.

* Excluding retained earnings.



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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

Capital management (continued)

The Group manages its capital using leverage ratio, which is calculated by dividing net debts by the sum of adjusted capital and net debts. It is the Group's policy to maintain its leverage ratio between 30% and 60%. 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. The Group's net debt to equity ratio as at the balance sheet dates is as follows:

	30 June 2015 (unaudited)	31 December 2014
Accounts payable	127,383,406.46	104,744,909.38
Other payables	1,924,435,159.07	2,430,213,492.95
Short-term borrowings	1,153,828,079.35	1,553,906,160.15
Non-current liabilities due within one year	607,151,587.21	469,214,800.00
Long-term borrowings	9,477,197,989.76	8,986,967,656.50
Less: Cash and bank balances	3,724,538,510.57	3,095,475,670.05
Net debt	9,565,457,711.28	10,449,571,348.93
Equity attributable to shareholders of the parent	11,420,104,481.37	12,240,708,370.28
Capital and net debt	20,985,562,192.65	22,690,279,719.21
Net debt to equity ratio	46%	46%

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VIII. DISCLOSURE OF FAIR VALUE

1. Assets and Liabilities Disclosed by Fair Value

	Inputs adopted in fair value measurement			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant Unobservable inputs (Level 3) RMB'000	
30 June 2015				
Long-term borrowings	–	9,477,198	–	9,477,198
31 December 2014				
Long-term borrowings	–	8,986,968	–	8,986,968

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	
	30 June 2015 RMB'000	31 December 2014 RMB'000	30 June 2015 RMB'000	31 December 2014 RMB'000
Financial liabilities				
Long-term borrowings	9,477,198	8,986,968	9,477,198	8,986,968

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.



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VIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

2. Fair Value Estimation (continued)

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 30 June 2015, the Group's exposure to non-performance risk associated with the long-term borrowings is assessed as insignificant.

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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent Company

	Place of registration	Nature of business	Registered capital RMB	Proportion of shareholding (%)	Proportion of votes (%)
HPG	Tangshan city	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 VI.

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 VI.

4. Other Related Parties

Company name	Relationship with related parties
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	A subsidiary of the controlling shareholder
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	A subsidiary of the controlling shareholder
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
秦皇島方宇物業服務有限公司	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



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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other Related Parties (continued)

Company name	Relationship with related parties
秦皇島市藍港國際旅行社有限公司	A subsidiary of the controlling shareholder
秦皇島港韻會議服務有限公司	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
秦皇島之海船務代理有限公司	A subsidiary of the controlling shareholder
秦皇島秦仁海運服務有限公司	Other enterprise affected by the controlling shareholder
秦皇島東方石油有限公司	Other enterprise affected by the controlling shareholder
Qinhuangdao Winsway Petroleum Co., Ltd.	Other enterprise affected by the controlling shareholder
秦皇島晉遠船務代理有限公司	Other enterprise affected by the controlling shareholder
秦皇島益嘉船務代理有限公司	Other enterprise affected by the controlling shareholder
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	Other enterprise affected by the controlling shareholder
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Other related party*
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Other related party*
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	Other related party*

* Members of the Board of the Company also serve as members of the board of directors of the company.

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IX. 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)	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Transactions with the parent company			
HPG	Integrated service	12,915,895.87	28,845,496.05
Transactions with joint ventures			
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司)	Stevedoring service	–	23,623,393.98
Transactions with other related parties			
河北港口集團港口工程有限公司	Construction service	28,779,018.04	49,561,445.89
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Repair and maintenance service	18,724,086.30	26,879,025.27
河北港口集團餐飲管理有限公司	Logistics service	4,965,688.00	–
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Supervisory service	2,471,460.88	18,953,452.47
秦皇島方宇物業管理有限公司	Logistics service	2,112,497.00	1,026,673.00
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Logistics service	502,831.50	718,950.00
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	Repair and maintenance service	411,981.20	300,205.13
秦皇島港韻會議服務有限公司	Logistics service	4,000.00	–
秦皇島市藍港國際旅行社有限公司	Logistics service	1,860.00	–
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Logistics service	–	27,845.10
		57,973,422.92	97,467,596.86
		70,889,318.79	149,936,486.89

Note: 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.



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IX. 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)	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Transactions with the parent company			
HPG	Electricity supply service	2,972,703.88	3,512,439.31
Transactions with joint ventures and associates			
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Towing service	11,971,698.06	–
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Loading and unloading service	742,308.95	931,585.27
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)	Electricity supply service	127,136.53	80,529.79
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司)	Electricity supply service	–	10,375.08
		12,841,143.54	1,022,490.14
Transactions with other related parties			
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	Loading and unloading service	30,007,944.49	42,524,049.15
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Loading and unloading service	21,091,313.22	15,100,967.92
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Equipment sales, Draft survey service	3,906,695.55	3,706,712.40
秦皇島益嘉船務代理有限公司	Towing service	1,358,325.46	483,760.34
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Electricity supply service	986,085.27	938,474.36

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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IX. 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)	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Transactions with other related parties (continued)			
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	Loading and unloading service	943,468.89	–
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	Loading and unloading service	600,269.81	306,800.00
河北港口集團港口工程有限公司	Electricity supply service	466,466.17	654,180.47
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Electricity supply service	270,230.79	353,505.63
秦皇島東方石油有限公司	Loading and unloading service	225,231.17	130,411.64
秦皇島秦仁海運有限公司	Draft survey service	184,627.63	214,979.94
秦皇島晉遠船務代理有限公司	Loading and unloading service	103,380.71	162,728.34
Qinhuangdao Winsway Petroleum Co., Ltd.	Electricity supply service	99,319.97	215,045.05
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Electricity supply service	64,687.04	71,368.24
河北港口集團餐飲管理有限公司	Electricity supply service	49,990.49	–
秦皇島方宇物業管理有限公司	Electricity supply service	11,905.81	9,993.06
		60,369,942.47	64,872,976.54
		76,183,789.89	69,407,905.99

Note: 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.



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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

(2) Leases with related parties

As lessor

	Category of Leased assets	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Machinery and equipment	521,319.66	171,829.06
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Machinery and equipment	11,697.44	–
Total		533,017.10	171,829.06

As lessee

	Category of Leased assets	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
HPG	Buildings and harbour facilities	48,671,102.30	48,671,102.30
HPG	Office buildings	9,091,929.45	7,974,696.40
HPG	Machinery and Equipments	3,992,653.88	3,880,951.30
HPG	Vehicles	2,097,791.55	4,059,682.68
Total		63,853,477.18	64,586,432.68

In August 2013 and May 2012, the Group and HPG entered into lease agreements with a term of 2 years and 6 years, respectively, pursuant to which the Group leased machinery and equipments and buildings from HPG for production and operation; in addition, at the end of each year, the Group and a branch of HPG engaged in logistics service entered into lease agreements with a term of 1 year, pursuant to which the Group leased buildings and vehicles from such branch to provide logistical supports for our staffs. The annual rental fees stipulated in the lease agreements above are RMB104,900,000.00, RMB16,153,500.00 and RMB7,546,254.31, respectively.

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.

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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

(3) Key management personnel

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Remuneration for key management personnel	1,971,872.91	2,232,760.92

(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.

Deposits in related parties

As at 30 June 2015, the balance of the Group's deposits in Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) amounted to RMB1,193,648,784.12 (31 December 2014: nil), and a interest income of RMB6,392,238.23 was incurred in the period (for the six months ended 30 June 2014: nil)

Agency business

China Ocean Shipping Agency Qinhuangdao, Penavico QHD Logistics Co., Ltd. and 秦皇島之海船務代理有限公司 accept the port services provided by the Group on behalf of 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 RMB12,549,035.94 (for the six months ended 30 June 2014: RMB12,368,014.17), RMB12,997,190.65 (for the six months ended 30 June 2014: RMB9,775,636.86) and RMB57,339,205.99 (for the six months ended 30 June 2014: RMB62,283,993.45), respectively.

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 financial report, the court proceedings are still ongoing and no ruling has been made by the Higher People's Court of Hebei Province.



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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Commitments Made between the Group and Related Parties

Capital commitments

	30 June 2015 (unaudited)	31 December 2014
河北港口集團港口工程有限公司	41,386,148.00	56,771,657.00
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	12,440,055.98	29,740,174.48
	53,826,203.98	86,511,831.48

Lease commitments

For details of the rental expenses incurred during the period, please refer to Note IX. 5(2). It is estimated that the Group's future minimum lease payments under non-cancellable leases are as follows:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year (including 1 year)	68,603,500.00	121,053,500.00
1 to 2 years (including 2 years)	16,153,500.00	16,153,500.00
2 to 3 years (including 3 years)	16,153,500.00	16,153,500.00
Over 3 years	8,076,750.00	16,153,500.00
	108,987,250.00	169,514,000.00

7. The Parent Company and Subsidiaries

	30 June 2015 (unaudited)	31 December 2014
Investment in subsidiaries		
Unlisted investments, at cost	5,622,807,006.66	5,526,692,006.66

The amounts due from and to subsidiaries of RMB5,563,105.00 (31 December 2014: RMB2,876,552.50) and RMB106,652.27 (31 December 2014: RMB343,737.56) 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.

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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

8. Balances of Accounts due from Related Parties

	30 June 2015 (unaudited)		31 December 2014	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable				
<u>Due from associates</u>				
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	6,345,000.00	317,250.00	–	–
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	1,623,240.00	81,162.00	1,623,240.00	81,162.00
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)	–	–	198,160.00	9,908.00
	7,968,240.00	398,412.00	1,821,400.00	91,070.00
<u>Due from other related parties</u>				
China Ocean Shipping Agency Qinhuangdao 秦皇島之海船務代理有限公司	18,956,644.58	947,832.23	20,434,372.00	1,021,718.60
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	14,390,347.00	719,517.35	16,360,738.00	818,036.90
Penavico QHD Logistics Co., Ltd. SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	10,104,349.00	505,217.45	178,467.00	8,923.35
秦皇島秦仁海運有限公司	3,175,692.00	161,284.60	–	–
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	1,232,653.46	65,810.45	2,268,674.78	114,471.22
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限 公司)	1,001,682.40	50,084.12	1,997,897.04	99,894.85
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	594,786.32	29,739.32	556,313.68	27,815.68
秦皇島益嘉船務代理有限公司	203,490.00	10,174.50	–	–
河北港口集團港口工程有限公司	151,773.00	7,588.65	–	–
Cangzhou Bohai New Zone Far Trans Shipping Agency Company	138,952.00	6,947.60	109,156.00	5,457.80
Qinhuangdao Winsway Petroleum Co., Ltd.	120,455.00	6,022.75	120,455.00	6,022.75
秦皇島益嘉船務代理有限公司	70,590.00	3,529.50	870,419.00	–
河北港口集團餐飲管理有限公司	9,363.47	468.17	–	–
	–	–	7,231.21	361.56
	50,150,778.23	2,514,216.69	42,903,723.71	2,102,702.71
	58,119,018.23	2,912,628.69	44,725,123.71	2,193,772.71



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

	30 June 2015 (unaudited)		31 December 2014	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables				
<u>Due from the parent company</u>				
HPG	22,532.27	1,126.61	–	–
<u>Due from other related parties</u>				
河北港口集團港口工程有限公司	711,100.78	35,555.04	711,100.78	–
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	100,000.00	5,000.00	–	–
	811,100.78	40,555.04	711,100.78	–
	833,633.05	41,681.65	711,100.78	–
Prepayments				
<u>Advances to the parent company</u>				
HPG	–	–	152,553.24	–
<u>Advances to other related parties</u>				
河北港口集團港口工程有限公司	2,640,000.00	–	–	–
	2,640,000.00	–	152,553.24	–

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

9. Balances of Accounts Due to Related Parties

	30 June 2015 (unaudited)	31 December 2014
Accounts payable		
<u>Due to the parent company</u>		
HPG	32,225,901.72	207,938.50
<u>Due to other related parties</u>		
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	3,712,827.98	900,301.21
河北港口集團港口工程有限公司	2,655,175.00	13,165,397.00
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	60,525.00	40,750.00
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	21,594.00	264,567.00
Penavico QHD Logistics Co., Ltd.	–	56,100.00
	6,450,121.98	14,427,115.21
	38,676,023.70	14,635,053.71
Other payables		
<u>Due to the parent company</u>		
HPG	71,564,047.94	59,918,936.45
<u>Due to associates</u>		
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	77,708.80	17,932.80
<u>Due to other related parties</u>		
河北港口集團港口工程有限公司	82,290,650.20	84,644,432.10
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	40,390,916.92	38,165,430.42
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	9,622,944.00	10,872,943.98
秦皇島利港集裝箱碼頭有限公司	–	98,175.00
河北港口集團餐飲管理有限公司	–	74,502.09
	132,304,511.12	133,855,483.59
	203,946,267.86	193,792,352.84



NOTES TO FINANCIAL STATEMENTS

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IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

9. Balances of Accounts Due to Related Parties (continued)

	30 June 2015 (unaudited)	31 December 2014
Receipts in advance		
<i>Advance from other related parties</i>		
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	7,048,327.50	8,417,167.00
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	9,095.00	517.00
	7,057,422.50	8,417,684.00

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.

X. COMMITMENTS

	30 June 2015 (unaudited)	31 December 2014
Capital commitments		
Contracted, but not provided for	437,697,250.22	548,694,423.32
Authorised by the Board, but not contracted for	443,027,865.29	477,230,594.21
	880,725,115.51	1,025,925,017.53
Investment commitments		
Authorised, but not contracted for	50,000,000.00	89,440,000.00
Contracted, but not performed	1,060,000,000.00	1,060,000,000.00
	1,110,000,000.00	1,149,440,000.00



NOTES TO FINANCIAL STATEMENTS

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XI. 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 34. Operating revenue and cost of Note V.

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

For the six months ended 30 June 2015, there are two customers (for the six months ended 30 June 2014: two), revenue derived from sales to either single, amounting to RMB516,287,552.69 and RMB369,178,956.46 (for the six months ended 30 June 2014: RMB468,803,867.24 and RMB454,603,274.77) respectively, representing 10% or more of the Group's total revenue.



NOTES TO FINANCIAL STATEMENTS

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XI. OTHER IMPORTANT ITEMS (CONTINUED)

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:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year (including 1 year)	68,949,400.00	121,539,759.00
1 to 2 years (including 2 years)	16,452,900.00	16,471,900.00
2 to 3 years (including 3 years)	16,363,900.00	16,403,900.00
Over 3 years	8,332,350.00	16,494,300.00
	110,098,550.00	170,909,859.00

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 Company 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 12. Major transactions between the Group and related parties of Note V.

NOTES TO FINANCIAL STATEMENTS

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XI. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Fees	225,000.00	100,000.00
Other emoluments:		
Salaries and allowances	1,255,164.73	1,718,714.09
Pension scheme contributions	491,708.18	414,046.83
	1,746,872.91	2,132,760.92
	1,971,872.91	2,232,760.92

(1) Independent non-executive Directors

The fees paid to independent non-executive Directors during the year were as follows:

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
LI Man Choi	75,000.00	50,000.00
YU Shulian	75,000.00	50,000.00
ZHAO Zhen	75,000.00	–
LIU Xue	–	–
SHI Rongyao	–	–
HONG Shanxiang	–	–
	225,000.00	100,000.00

There were no other remunerations payable to the independent non-executive Directors during the period (for the six months ended 30 June 2014: nil).



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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XI. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (continued)

(2) Executive Directors, non-executive Directors and Supervisors

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Salaries and allowances:		
Executive Directors:		
XING Luzhen	–	–
HE Shanqi	–	195,754.34
WANG Lubiao	165,351.70	245,939.01
TIAN Yunshan	168,806.10	–
MA Xiping	164,631.70	238,563.99
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
MI Xianwei	–	–
ZHENG Yunming	–	–
Supervisors:		
CHEN Shaojun	–	169,747.94
CAO Dong	134,148.10	170,857.11
YANG Jun	110,161.78	164,260.53
ZHANG Jun	21,102.51	–
BU Zhouqing	–	–
GE Ying	–	–
LIU Simang	–	–
NIE Yuzhong	–	–
NING Zhongyou	–	–
WANG Yashan	–	–
	764,201.89	1,185,122.92

NOTES TO FINANCIAL STATEMENTS

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XI. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (continued)

(2) Executive Directors, non-executive Directors and Supervisors (continued)

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Pension scheme contributions:		
Executive Directors:		
XING Luzhen	–	–
TIAN Yunshan	71,152.32	–
HE Shanqi	–	63,883.87
WANG Lubiao	70,293.54	55,770.98
MA Xiping	68,832.78	55,305.38
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
MI Xianwei	–	–
ZHENG Yunming	–	–
Supervisors:		
CHEN Shaojun	–	37,788.32
CAO Dong	43,613.28	40,559.76
YANG Jun	33,784.05	33,828.14
ZHANG Jun	6,807.29	–
BU Zhouqing	–	–
GE Ying	–	–
LIU Simang	–	–
NIE Yuzhong	–	–
NING Zhongyou	–	–
WANG Yashan	–	–
	294,483.26	287,136.45



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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XI. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (continued)

(3) Senior management

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Salaries and allowances:		
HE Zhenya	167,211.10	236,329.01
YANG Wensheng	159,120.04	27,412.33
TIAN Yunshan	–	31,295.80
GUO Xikun	164,631.70	238,554.03
	490,962.84	533,591.17
	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Pension scheme contributions:		
HE Zhenya	69,355.32	55,569.02
YANG Wensheng	58,892.04	8,185.01
TIAN Yunshan	–	7,716.33
GUO Xikun	68,977.56	55,440.02
	197,224.92	126,910.38

There was no agreement under which a director or senior management waived or agreed to waive any remuneration during the period (for the six months ended 30 June 2014: nil).

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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XI. OTHER IMPORTANT ITEMS (CONTINUED)

4. Five Highest Paid Senior Management

The five highest paid employees during the period included three Directors (for the six months ended 30 June 2014: three), details of whose remuneration are set out in 3. Remunerations of Directors, Supervisors and Senior Management of Note XI. Details of remunerations of the remaining two non-director employees (for the six months ended 30 June 2014: two) during the year are as follows:

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Salaries and allowances	331,842.80	474,883.04
Pension scheme contributions	138,332.88	111,009.04
	470,175.68	585,892.08

The number of non-directors and non-supervisors whose remunerations fell within the following bands is as follows:

	Number of employees	
	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Nil to RMB1,000,000	2	2



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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XII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts Receivable

	30 June 2015 (unaudited)	31 December 2014
Within 1 year	165,783,832.81	168,822,883.41
1 to 2 years	55,984,322.43	25,982,872.19
2 to 3 years	–	–
Over 3 years	1,655,441.05	1,655,441.05
Provision for bad debts of accounts receivable	223,423,596.29 (15,543,064.93)	196,461,196.65 (12,675,215.67)
	207,880,531.36	183,785,980.98

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

	Opening balance	Provision in the year	Decrease in the year		Closing balance
			Reversal	Write-off	
For the six months ended 30 June 2015 (unaudited)	12,675,215.67	2,867,849.26	–	–	15,543,064.93
2014	11,722,028.49	953,187.18	–	–	12,675,215.67

	30 June 2015 (unaudited)				31 December 2014			
	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	165,783,832.81	74.20	8,289,191.64	5	168,822,883.41	85.93	8,443,810.23	5
1 to 2 years	55,984,322.43	25.06	5,598,432.24	10	25,982,872.19	13.23	2,575,964.39	10
2 to 3 years	–	–	–	–	–	–	–	–
Over 3 years	1,655,441.05	0.74	1,655,441.05	100	1,655,441.05	0.84	1,655,441.05	100
	223,423,596.29	100.00	15,543,064.93		196,461,196.65	100.00	12,675,215.67	

As at 30 June 2015 and 31 December 2014, 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.

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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XII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other Receivables

An ageing analysis of other receivables is as follows:

	30 June 2015 (unaudited)	31 December 2014
Within 1 year	1,818,974.57	4,737,923.71
1 to 2 years	2,584,379.38	2,397,300.00
2 to 3 years	17,379.60	106,300.00
Over 3 years	40,630,721.24	45,525,121.24
	45,051,454.79	52,766,644.95
Less: Provision for bad debts of other receivables	(40,974,321.79)	(46,033,632.93)
	4,077,133.00	6,733,012.02

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	
For the six months ended 30 June 2015 (unaudited)	46,033,632.93	–	(5,059,311.14)	–	40,974,321.79
2014	57,016,935.56	–	(10,983,302.63)	–	46,033,632.93



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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XII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other Receivables (continued)

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

	30 June 2015 (unaudited)				31 December 2014			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	1,818,974.57	4.04	79,948.73	4	4,737,923.71	8.98	236,891.69	5
1 to 2 years	2,584,379.38	5.74	258,437.94	10	2,397,300.00	4.54	239,730.00	10
2 to 3 years	17,379.60	0.04	5,213.88	30	106,300.00	0.20	31,890.00	30
3 to 4 years	105,600.00	0.23	105,600.00	100	24,581.24	0.05	24,581.24	100
Over 4 years	40,525,121.24	89.95	40,525,121.24	100	45,500,540.00	86.23	45,500,540.00	100
	45,051,454.79	100.00	40,974,321.79		52,766,644.95	100.00	46,033,632.93	

Other receivables by nature are as follows:

	30 June 2015 (unaudited)	31 December 2014
Equity transfer consideration	40,500,540.00	45,500,540.00
Deposits	3,543,000.00	3,492,977.01
Others	1,007,914.79	3,773,127.94
	45,051,454.79	52,766,644.95

NOTES TO FINANCIAL STATEMENTS

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XII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term Equity Investments

For the six months ended 30 June 2015 (unaudited)

	Changes in the period					Closing carrying amount in the period
	Opening balance in the period	Increase in investment	Investment income or loss under the equity method	Distribution of cash dividend	Other changes in equity	
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 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)	1,930,000,000.00	-	-	-	-	1,930,000,000.00
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	32,500,000.00	-	-	-	-	32,500,000.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	-	-	49,500,000.00
Tangshan Port Investment & Development Co., Ltd.* (唐山港口投資開發有限公司)	-	56,000,000.00	-	-	-	56,000,000.00
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	-	40,115,000.00	-	-	-	40,115,000.00
Total under cost method	5,526,692,006.66	96,115,000.00	-	-	-	5,622,807,006.66
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	-	541,808.99	-	-	100,541,808.99
Sub-total of joints ventures	100,000,000.00	-	541,808.99	-	-	100,541,808.99
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,250,388.06	-	(730,286.44)	-	-	1,520,101.62
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	203,167,579.17	-	5,257,494.06	-	-	208,425,073.23
Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	970,978,558.80	-	104,620,629.47	(140,000,000.00)	2,006,776.42	937,605,964.69
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
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	37,130,435.93	-	(358,578.14)	-	-	36,771,857.79
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	1,994,046.00	-	821,379.49	-	-	2,815,425.49
Sub-total of associates	1,235,521,007.96	-	109,610,638.44	(140,000,000.00)	2,006,776.42	1,207,138,422.82
Total under equity method	1,335,521,007.96	-	110,152,447.43	(140,000,000.00)	2,006,776.42	1,307,680,231.81
Total	6,862,213,014.62	96,115,000.00	110,152,447.43	(140,000,000.00)	2,006,776.42	6,930,487,238.47

* For identification purpose only



NOTES TO FINANCIAL STATEMENTS

30 June 2015

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XII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term Equity Investments (continued)

2014

	Opening balance	Changes in the year				Closing carrying amount
		Increase/(decrease) in investment	Investment income or loss under the equity method	Distribution of cash dividend	Other changes in equity	
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
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	-	32,500,000.00	-	-	-	32,500,000.00
Tangshan Caofeidian Jigang Coal Port Co., Limited (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. (秦皇島鴻港裝卸服務有限公司)	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 (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
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. (唐山京唐鐵路有限公司)	37,935,764.66	-	(805,328.73)	-	-	37,130,435.93
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	-	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

NOTES TO FINANCIAL STATEMENTS

30 June 2015

RMB

XII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Available-for-sale Financial Assets

	30 June 2015 (unaudited)	31 December 2014
Unlisted investment		
Available-for-sale equity instruments	562,752,357.95	562,752,357.95

As at 30 June 2015, the domestic unlisted equity investments held by the Group were measured at cost. The Company has no intention to dispose of these investments. The specific details are as follows:

Name of investee	31 December 2014	Increase in the period	Decrease in the period	30 June 2015
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	498,000,000.00	–	–	498,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	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	562,752,357.95	–	–	562,752,357.95



NOTES TO FINANCIAL STATEMENTS

30 June 2015

RMB

XII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Operating Revenue and Cost

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Operating revenue	2,997,507,345.64	3,044,077,985.70
Operating cost	1,604,888,158.21	1,610,243,319.30

Operating revenue is as follows:

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Revenue from service in relation to coal and relevant products	2,661,678,905.34	2,712,985,187.16
Revenue from service in relation to metal ores and relevant products	64,274,656.47	66,704,396.62
Revenue from service in relation to general and other cargoes	114,404,566.21	104,176,627.92
Revenue from service in relation to liquefied cargoes	54,889,922.24	52,897,111.98
Revenue from others	102,259,295.38	107,314,662.02
	2,997,507,345.64	3,044,077,985.70

6. Investment Income

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Dividend income from holding financial assets available for sale	59,250,000.00	61,190,000.00
Income from long-term equity investments under equity method	110,152,447.43	105,402,484.33
Including: Investment income from associates	109,610,638.44	105,290,392.47
Investment income from joint ventures	541,808.99	112,091.86
	169,402,447.43	166,592,484.33



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“A Share Issue”	the proposed initial public issue of no more than 558,000,000 A Shares by the Company, which will be listed on the SSE
“A Share(s)”	the ordinary share(s) proposed to be issued by the Company under the A Share Issue, which are subscribed for in RMB
“AGM of 2014”	the annual general meeting (and any adjournment thereof) of the Company held at 10:00 a.m. on Tuesday, 9 June 2015 at Holiday Inn, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC
“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”	the board of directors of the Company
“Cangzhou Bohai”	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on 31 October 2007, with 95.93% of its equity interest held by the Company
“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, with 35% of its equity interest held by the Company
“Company”	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“corresponding period of 2014”	the six months ended 30 June 2014
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of the Company's 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 ores and grain) and other dry bulk commodities such as sugar, cement and fertilizer
“First EGM of 2015”	the extraordinary general meeting (and any adjournment thereof) of the Company held at 10:00 a.m. on Monday, 12 January 2015 at Holiday Inn, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Global Offering”	the issuance of H Shares of the Company by way of Hong Kong public offering and international offering in 2013
“Group”, “the Group”, “us” or “we”	the Company and all of its subsidiaries (unless the context otherwise requires)
“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
“harbour”	a port of haven where ships may anchor
“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”	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, holds 61.72% equity interest of the Company
“Huanghua Port”	Huanghua Port in Cangzhou City, Hebei Province
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“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
“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
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period”	the six months ended 30 June 2015
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Second EGM of 2015”	the extraordinary general meeting (and any adjournment thereof) of the Company held at 10:00 a.m. on Thursday, 20 August 2015 at Holiday Inn, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of our Shares
“SSE”	The Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“Supervisor(s)”	the member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company established pursuant to the PRC Company Law
“Terminal”	a major construction of a harbour which is designated for mooring vessels, loading and unloading cargoes and boarding travellers
“TEU” or “container”	a box made of 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
“Throughput”	a measure of the volume of cargo handled by a port. Where cargoes are transhipped, each unloading and loading process is measured separately as part of throughput

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