青島港國際股份有限公司
QINGDAO PORT INTERNATIONAL CO., LTD.*

(A joint stock company established in the People's Republic of China with limited liability)

Stock Code: 06198

ANNUAL REPORT 2015

* For identification purpose only

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Unless the context otherwise requires, the following expressions shall have the following meanings:

"Board"	the board of directors of Qingdao Port International Co., Ltd. (青島港國際股份有限公司)
"Company"	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
"Consolidated Group Companies"	the Company (including its branches) and its subsidiaries which are consolidated into in the consolidated financial statements of the Company
"Dagang Branch"	Dagang Branch of Qingdao Port International Co., Ltd. (青島港國際股份有限公司大港分公司), a branch of the Company, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
"Datang Port"	Datang Qingdao Port Co., Ltd. (大唐青島港務有限公司), a subsidiary acquired by the Company in 2014, in which the Company holds 51% equity interest, which is mainly engaged in construction and management of terminals and its ancillary facilities; procurement, consulting and invitation of tender for the equipment and materials needed by terminals; leasing, maintenance and management of terminals and their ancillary facilities; cargo loading and unloading, warehousing services (excluding dangerous goods) and international freight forwarding
"Dongjiakou Branch"	Dongjiakou Branch of Qingdao Port International Co., Ltd. (青島港國際股份有限公司董家口分公司), a branch of the Company, which was established in July 2015 and mainly engaged in the business of break bulk cargo handling and ancillary services
"Group"	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associates of the Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huaneng Qingdao"	Huaneng Qingdao Port Operation Co., Ltd. (華能青島港務有限公司), a joint venture in which the Company holds 49% equity interest, which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services
"Mercuria Logistics"	Qingdao Haiye Mercuria Logistics Co., Ltd. (青島海業摩科瑞物流有限公司), a subsidiary acquired by the Company in 2014, in which the Company holds 51% equity interest, which is mainly engaged in freight forwarding, incoming and outgoing cargo warehousing, transshipment and distribution, construction of warehousing and logistics facilities
"Mercuria Oil Terminal"	Qingdao Haiye Mercuria Oil Terminal Co., Ltd. (青島海業摩科瑞倉儲有限公司), a subsidiary acquired by the Company in 2014, in which the Company holds 65% equity interest, which is mainly engaged in construction and management of warehouse as well as wholesale of machinery and equipment and construction materials
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"One Belt and One Road"	the Silk Road Economic Belt and 21st Century Maritime Silk Road
"PRC"	the People's Republic of China, and for the purpose of this report, excluding Hong Kong, Macau and Taiwan
"Prospectus"	the listing document of the Company in relation tothe global offering dated 26 May 2014
"QDOT"	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interest, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
"QDP"	Qingdao Port (Group) Co., Ltd. (青島港（集團）有限公司), the controlling shareholder of the Company, which holds a proximately 73.7% equity interest in the Company as of the date of this announcement
"Qiangang Branch"	Qiangang Branch of Qingdao Port International Co., Ltd. (青島港國際股份有限公司前港分公司), a branch of the Company, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
"Qingdao Finance"	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interest) and QDP (holding 30% equity interest), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its group companies
"Qingdao Financial Leasing"	Qingdao Port International Financial Leasing Co., Ltd. (青島港國際融資租賃有限公司), a wholly-owned subsidiary established by the Company in July 2015
"Qingdao OST"	Qingdao Ocean Shipping Tally Co., Ltd. (青島外輪理貨有限公司), a subsidiary in which the Company holds 84% equity interest, which is mainly engaged in the business of providing tallying services
"Qingdao Port Logistics"	Qingdao Port International Cargo Logistics Co., Ltd. (青島港國際貨運物流有限公司), a wholly-owned subsidiary of the Company, which is mainly engaged in the business of providing logistics value added services, such as transportation and agency service
"Qingdao Shihua"	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interest, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
"Qingwei Container"	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing container handling and ancillary services

"QQCT"	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds a 31% equity interest, which is mainly engaged in the business of providing container handling and ancillary services
"QQCTU"	Qingdao Qianwan United Container Terminal Co., Ltd. (青島前灣聯合集裝箱碼頭有限責任公司), a joint venture in which QQCT indirectly holds 40% equity interest, which is mainly engaged in the business of providing container handling and ancillary services
"Riqing Container"	Rizhao Riqing Container Terminal Co., Ltd. (日照日青集裝箱碼頭有限公司) former joint venture of the Company in which the Company held 50% equity interests, whose 50% equity interests held by the Company was disposed of and transferred by the Company to Rizhao Port Group Co., Ltd. (日照港集團有限公司) in February 2015
"TEUs"	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, a height of eight feet and six inches and a width of eight feet
"Valemax"	the largest dry bulk carrier in the world with a capacity of up to 400,000 DWTs, which is mainly used to transport, among other things, ore and ore sand exploited from mines in Brazil
"West United"	Qingdao Qianwan West Port United Terminal Co.,Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interest (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services

* The Chinese name(s) of the PRC entities have been translated into English in this annual report for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.

CORPORATE INFORMATION

CHINESE NAME OF THE COMPANY

青島港國際股份有限公司

ENGLISH NAME OF THE COMPANY

Qingdao Port International Co., Ltd.

LEGAL REPRESENTATIVE

Mr. ZHENG Minghui

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

(1) Headquarters in the PRC:
7 Ganghua Road
City North District, Qingdao
Shandong Province, PRC

(2) Principal Place of Business in Hong Kong:
36th Floor
Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

DATE OF LISTING

6 June 2014

PLACE OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited

ABBREVIATED CHINESE STOCK NAME

青島港

ABBREVIATED ENGLISH STOCK NAME

Qingdao Port

STOCK CODE

06198

TELEPHONE

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WEBSITE

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BOARD OF DIRECTORS

(1) Executive Directors

Mr. ZHENG Minghui (Chairman)
Mr. JIAO Guangjun (President)
Ms. JIANG Chunfeng

(2) Non-executive Directors

Mr. CHENG Xinnong (Vice Chairman)
Mr. SUN Yafei
Mr. MA Baoliang

(3) Independent Non-executive Directors

Mr. WANG Yaping
Mr. CHAU Kwok Keung
Mr. YANG Qiulin

SUPERVISORY COMMITTEE

Mr. FU Xinmin (Chairman)
Mr. CHI Dianmou
Ms. XUE Qingxia
Ms. LIU Yuping
Mr. LI Xuxiu
Mr. LIU Dengqing

JOINT COMPANY SECRETARIES

Mr. CHEN Fuxiang
Ms. LAI Siu Kuen

AUTHORISED REPRESENTATIVES

Mr. ZHENG Minghui
Ms. LAI Siu Kuen

SPECIAL COMMITTEES OF BOARD OF DIRECTORS

(1) Strategy and Development Committee

Mr. ZHENG Minghui (Chairman)
Mr. CHENG Xinnong
Mr. SUN Yafei
Mr. JIAO Guangjun
Mr. MA Baoliang
Ms. JIANG Chunfeng

(2) Audit Committee

Mr. CHAU Kwok Keung (Chairman)
Mr. SUN Yafei
Mr. YANG Qiulin

(3) Remuneration Committee

Mr. WANG Yaping (Chairman)
Mr. CHENG Xinnong
Mr. YANG Qiulin

(4) Nomination Committee

Mr. ZHENG Minghui (Chairman)
Mr. WANG Yaping
Mr. YANG Qiulin

H SHARE REGISTRAR

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

LEGAL ADVISERS

(1) As to Hong Kong law:

Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
Central, Hong Kong

(2) As to PRC law:

Jia Yuan Law Offices
F408 Ocean Plaza
158 Fuxing Men Nei Avenue
Xicheng District
Beijing, PRC

COMPLIANCE ADVISOR

Somerley Capital Limited
20th Floor
China Building
29 Queen's Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS

Bank of Qingdao Co., Ltd.
Bank of Communications Co., Ltd.

The Port of Qingdao commenced operations in 1892 and is one of the largest comprehensive ports in the world. It occupies a central position among ports in Northeast Asia and is an important hub of international trade in the West Pacific.

The Company was established on 15 November 2013, and was listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014.

The Group is a primary operator of the Port of Qingdao and operates four port areas in Qingdao, including Qianwan Port Area, Huangdao Oil Port Area, Dongjiakou Port Area and Dagang Port Area. It is mainly engaged in the handling of different types of cargoes such as container, metal ore, coal and oil and the provision of ancillary services, logistics and port value-added services, port ancillary services and financial services.

As of 31 December 2015, the Group operated 75 berths at the Port of Qingdao, which included 49 berths dedicated to handling a single type of cargo and 26 berths capable of handling metal ore, coal and other general cargo.

Leveraging natural deep-water capacity and industry-leading facilities and equipment, the Group can accommodate the world's largest container vessels, iron ore vessels and oil tankers. It also possesses world-leading stevedoring efficiency. During the year, the Group continued to rank first in the world in terms of Maersk berth efficiency, with a single-machine unloading rate of 2,856 tons per hour for iron ores and 1,606 tons per hour for pulps.

2016

2015

Dongjiakou Port Area berthed the Valemax ore carrier for the first time

2014

Dongjiakou Port Area berthed ultra large crude carriers of 300,000 deadweight tons for the first time

2014

The Company was listed on the Main Board of the Hong Kong Stock Exchange

2013

The Company was established as a joint stock company with limited liability by QDP and five other promoters

2008

Commencement of construction of the Dongjiakou Port Area

2003

The Qingdao Port Authority was restructured as QDP

1987

Commencement of construction of the Qianwan Port Area

1974

Commencement of construction of the Huangdao Oil Port Area

1892

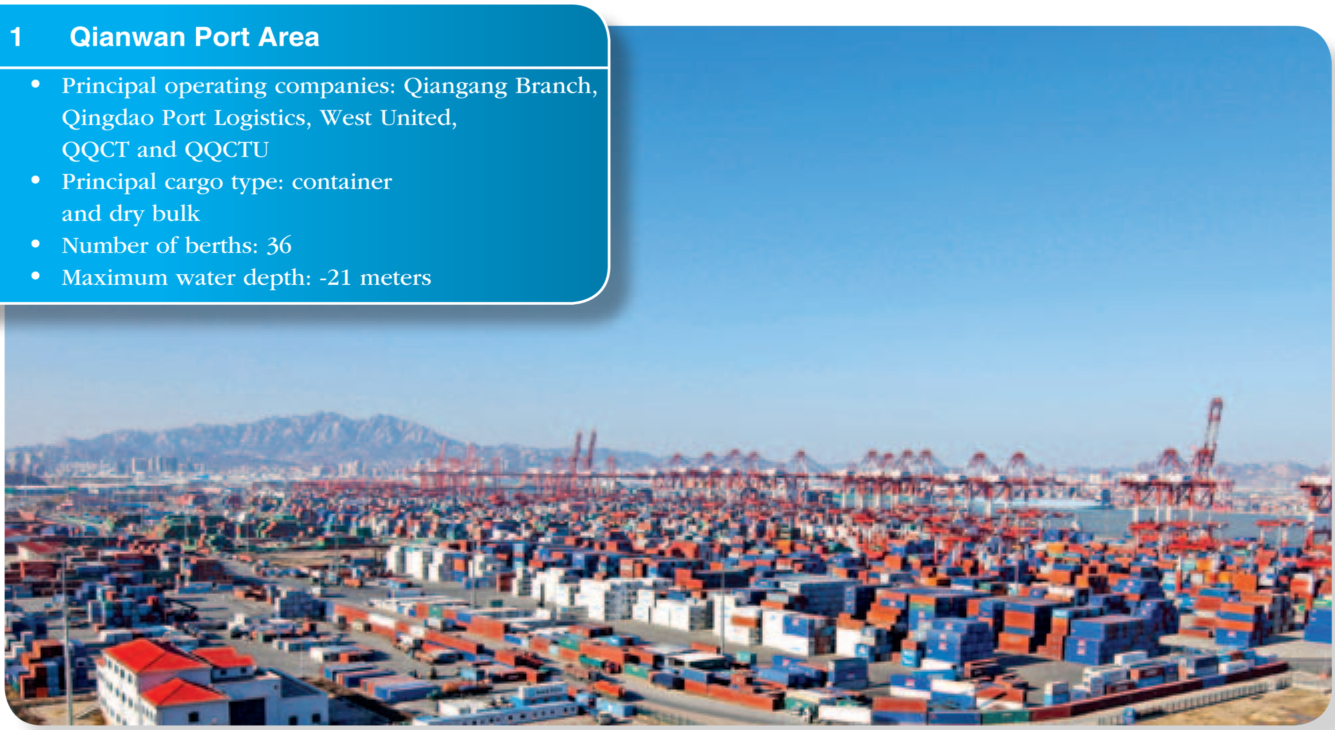
The Port of Qingdao commenced operations

1892

DISTRIBUTION OF PORT AREAS

1 Qianwan Port Area

- Principal operating companies: Qiangang Branch, Qingdao Port Logistics, West United, QQCT and QQCTU
- Principal cargo type: container and dry bulk
- Number of berths: 36
- Maximum water depth: -21 meters

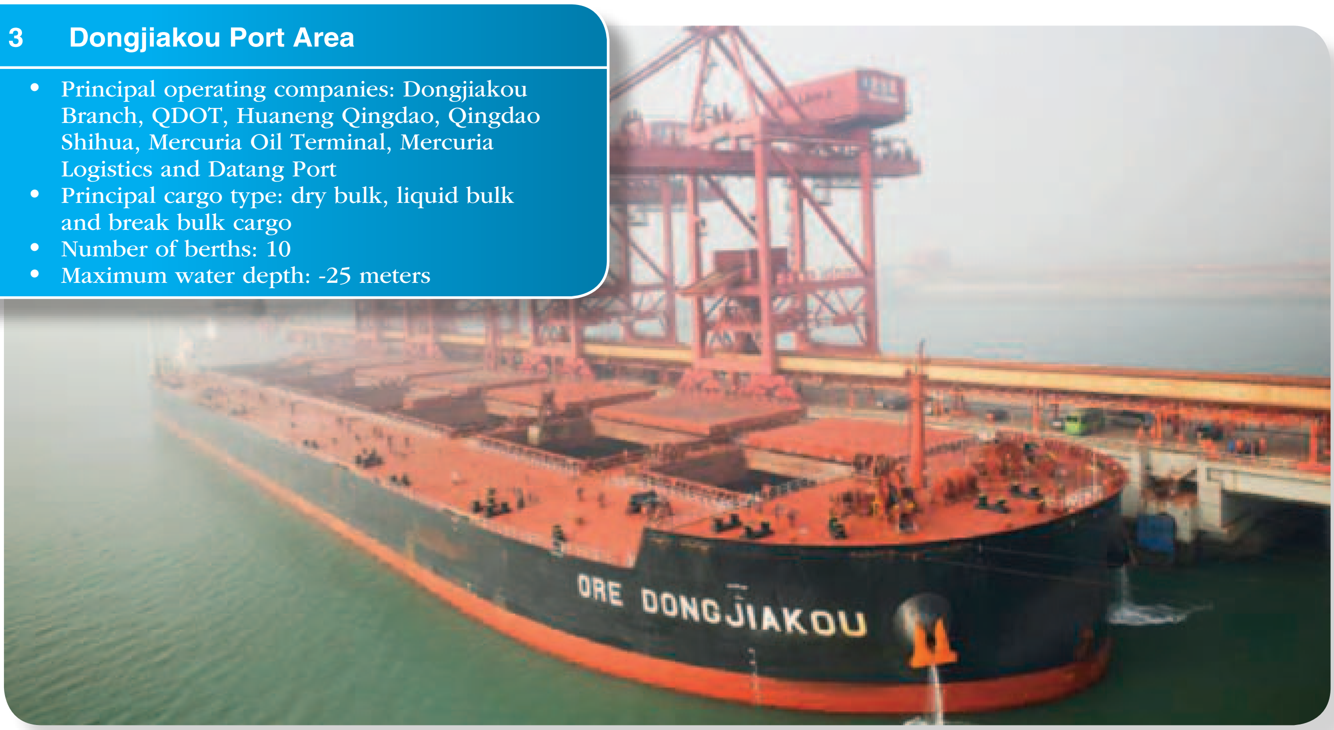


2 Huangdao Oil Port Area

- Principal operating company: Qingdao Shihua
- Principal cargo type: liquid bulk
- Number of berths: 11
- Maximum water depth: -24 meters

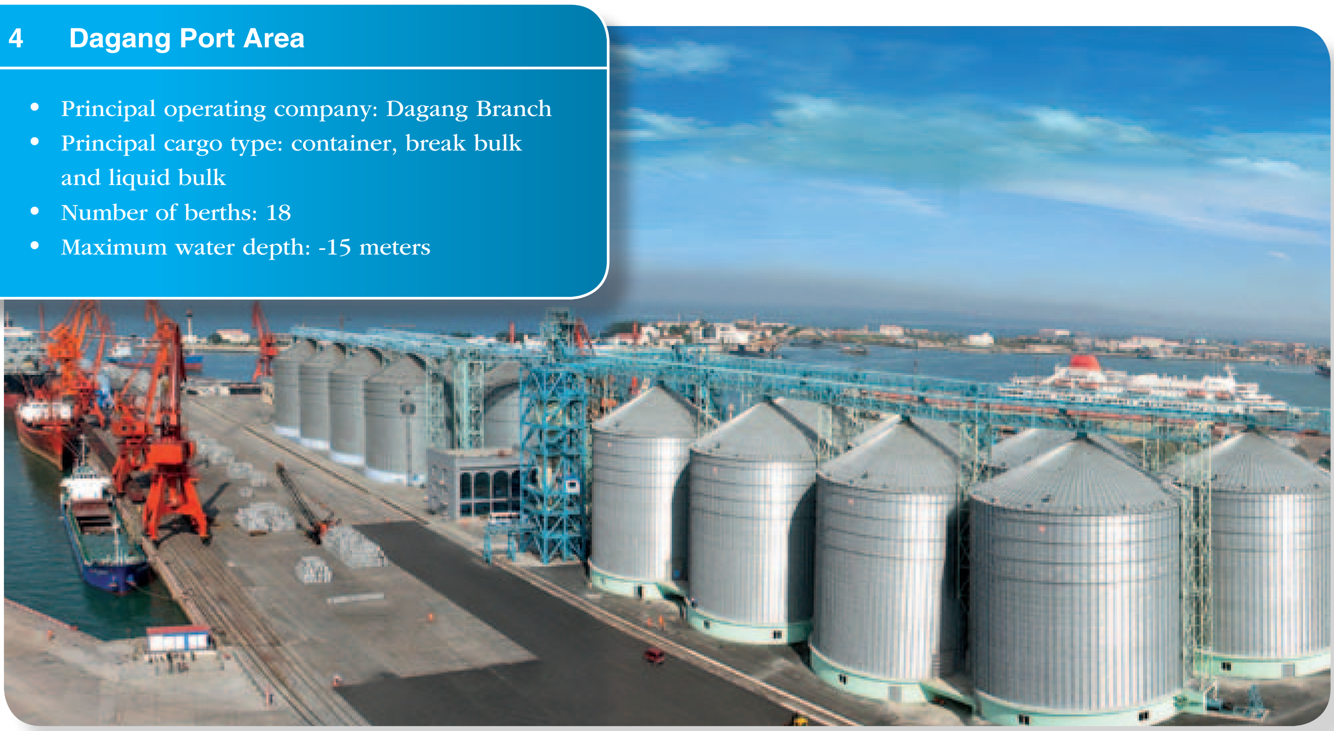
3 Dongjiakou Port Area

- Principal operating companies: Dongjiakou Branch, QDOT, Huaneng Qingdao, Qingdao Shihua, Mercuria Oil Terminal, Mercuria Logistics and Datang Port
- Principal cargo type: dry bulk, liquid bulk and break bulk cargo
- Number of berths: 10
- Maximum water depth: -25 meters



4 Dagang Port Area

- Principal operating company: Dagang Branch
- Principal cargo type: container, break bulk and liquid bulk
- Number of berths: 18
- Maximum water depth: -15 meters



Note: For details of the principal operating entities above, please refer to Note 39 to the financial statements.

2015 MAJOR EVENTS

January

Mr. ZHENG Minghui, chairman of the Company, visited customers in Shandong, Henan, Hebei and Shanxi Provinces and Beijing City. Mr. CHENG Xinnong, vice chairman of the Company, visited customers in Anhui and Jiangsu Provinces and Shanghai City. Both of them introduced customers about the new model of "all process logistics" of the Company and negotiated long-term cooperation with customers.

February

The Company entered into the agreement with China Development Bank Qingdao Branch, named "Service *One Belt and One Road* National Strategic Developmental Financial Cooperation Agreement", deeply severing the national strategy of One Belt and One Road.

March

Mr. ZHENG Minghui, chairman of the Company, visited to Taipei Port, Kaohsiung Port, Keelung Port and some ship-owning company including Wan Hai Lines Ltd., EverGreen Group, Taiwan Port, Yang Ming Marine Transport Corp. and others, meanwhile, the company entered into the agreement with Wan Hai Lines Ltd., named "High-quality Route Service Agreement".

April

The Company established Qingdao Qianwan Intelligent Container Terminal Co., Ltd., cooperating with COSCO Group, China Shipping, Maersk Group, Dubai Ports World, Evergreen Group and China Merchants Group to set up the most advanced and efficient automatic container terminal in the world.

May

The Company started up direct trains from Qingdao to Zhengzhou, to achieve sea-railway combined transport with integration of custom clearance. The Company became the first port to achieve the sea-railway combined transport with integration of custom clearance in China.

Mr. ZHENG Minghui, chairman of the Company, visited to Kumba Iron Ore, one of the world's largest iron-ore mining companies and reached a consensus on both parties' strategic cooperation in the future.

June

In order to enhance the Company's logistics network in Bohai Rim, the Company established a joint venture company with Binzhou Port, named "Binzhou Port-Qingdao Port International Terminal Co., Ltd.", which has been put into operation.

July

The first Qingdao-Central Asian international regular train departed from the Qingdao Port, assisting Qingdao Port to take an important position in Kazakhstan, Uzbuick Stan and other strategic frontier places involved in the One Belt and One Road strategy.

China government approved Valemax type ore vessel berthing at ports in China. The first Valemax tye ore vessel named "Yuanzhuohai" berthed Dojiakou terminal with full loaded.

Mr. ZHENG Minghui, chairman of the Company, held an iron forum with 26 iron owners, discussing innovating service model and achieving win-win development.

The Company established Qingdao Port International Financial Lease Corporation, to further enhance the financial service industry chain.

August

Dongjiakou Port container berths began to operate, further strengthened the radiation area of container business in southwest of Shandong Province.

September

The Company founded a joint venture company with Qingdao Yihang Investment Co., Ltd, named Qingdao Ganglianjie International Logistics Company Limited. It can achieve complementary advantages between their freight stations, accelerate reaching the goal that becoming the largest freight station in coastal port of Qingdao.

October

The first bulk commodity trade financing information platform "Yingangtong Bulk Commodity Financing Information System" was established by the company and banks. The platform also was supported by the government and regulatory authorities. It began to operate at Qingdao Port, achieved intelligent monitoring and information sharing, effectively information asymmetry of freight supervision problem during the trade financing, strengthened all of participants' confidence of participating the trade financing business.

November

Mr. ZHENG Minghui, chairman of the Company, visited Hapag-Lloyd Shipping Co. Ltd, Hamburg Süd Shipping Co. Ltd, Hamburg Port Authority (HPA) in Germany, reached a consensus on strengthening corporation.

The Company signed the joint venture contract and memorandum with Maersk Group, and both parties agreed to fully cooperate in certain business areas, including Dongjiakou grain terminal business, Qingdao Port tug business and Italian Vado Ligure port terminal business.

December

Mr. ZHENG Minghui, chairman of the Company, singed cooperation memorandum with China Minmetals, to create the iron ore logistics center covering north of Yangzi River and Northeast Asian region.

Mr. ZHENG Minghui, chairman of the Company, communicated with senior manager of Ruiganglian Group Co., Ltd, CITIC Metal Co., Ltd and China National Building Materials Group Corporation. He signed the strategic cooperation agreement with CITIC Metal Co.,Ltd, to further strengthen strategic cooperation.

Mr. ZHENG Minghui, chairman of the Company, held 2016 crude oil import customers meeting with 23 importing companies, to achieve a win-win partnership.

Mr. ZHENG Minghui, chairman of the Company, visited major customers in Hebei, Beijing, Shanghai, Shandong and Henan. Mr CHENG Xinnong, vice chairman of the Company, visited containers business partners including COSCO Group, CMA CGM Shipping Co., Ltd, Maersk Group, American President Line Co., Ltd, Yang Ming Marine Transport Co., Ltd, SITC International Holdings Co., Ltd etc. and some break-bulk shipping companies including BBC Chartering Co., Ltd and Gelinge Start Shipping etc. These visitings laid a good foundation for business development in 2016.

I. REVENUE

Unit: RMB'000

	2015	2014 (Restated)	Year-on-year growth
Revenues	**7,369,238**	6,907,937	6.7%
Gross profit	**1,993,003**	1,943,474	2.6%
Selling and administrative expenses	**(646,389)**	(679,983)	-4.9%
Share of profit of joint ventures and associates	**674,590**	611,928	10.2%
Profit before income tax	**2,443,067**	2,016,347	21.2%
Profit for the year	**1,972,008**	1,620,845	21.7%
Including: amounts attributable to the owners of the Company	**1,904,788**	1,585,336	20.2%

II. CASH FLOW

Unit: RMB'000

	2015	2014 (Restated)	Year-on-year growth
Net cash generated from operating activities	**1,429,153**	798,791	630,362
Dividends received	**556,119**	852,929	-296,810
Net increase in cash and cash equivalents	**221,211**	3,246,811	-3,025,600

III. ASSETS

Unit: RMB'000

	2015	2014 (Restated)	Change over 2014
Total assets	**31,471,275**	28,346,037	11.0%
Total liabilities	**18,139,753**	15,912,548	14.0%
Including: borrowings	**492,296**	188,261	161.5%
Net assets	**13,331,522**	12,433,489	7.2%
Share capital	**4,778,204**	4,778,204	0.0%
Equity attributable to the owners of the Company	**12,448,067**	11,632,084	7.0%
Equity per share attributable to the owners of the Company (RMB/share)	**2.61**	2.43	7.4%
Asset-liability ratio	**57.6%**	56.1%	1.5 percentage point

IV. FINANCIAL INDICATORS

Unit: RMB

	2015	2014 (Restated)	Change over 2014
Earnings per share	**0.40**	0.36	11.1%
Dividend payments per 1,000 shares upon Listing	**139.08**	61.91	—
Dividend payout ratio upon Listing	**40%**	40%	
Special dividends per 1,000 shares paid to promoters prior Listing		162.60	—
Return on total assets	**6.6%**	6.8%	-0.2 percentage point
Return on net assets	**15.3%**	15.4%	-0.1 percentage points

CHAIRMAN'S STATEMENT

To Shareholders:

On behalf of the Board of the Company, I am pleased to report the annual report of the Company for the year ended 31 December 2015 to each of you.

In 2015, the world economic recovery was not as good as expected. Chinese domestic economic downward pressure increased, and the development growth slowed down. The growth of cargo throughput generally became narrow at domestic and foreign ports. The port industry confronted unprecedented challenge.

Facing the new external environment, the Group grasped the new normal, seized new opportunities and faced new challenges. The Group insisted to regarding the economic benefits as the center and innovation as main line. It consolidated the development of port businesses, actively expanded modern logistics industry chain, and vigorously implement the financial, Internet, internationalization as "The Three Strategies". Furthermore, the Company fostered new businesses and created new growth points, constructed a diversified development model and profit model. The Company achieved contrarian increase and stable, sustainable development in economic winter.

In terminal business, the Group carried out headquarters marketing strategy, reinforced strategic cooperation and took advantage of ability, to promoting business growth. In iron ore business, the Valemax ore carriers berthed 11 times. The Company started mix ore business and operated combined transportation channel in the Yangtze River basin. In crude oil business, the Huangdao to Weifang Pipeline delivered more than 6 million tons of crude oil, improving 5 percentage points of local refineries market share. In container business, it increased 28 new sea routes and 11 new sea-railway combined transportation lines. The international transferred full containers increased by 10%. Break-bulk cargo business grasped the opportunity, grain, iron and other primary cargo kept a dramatic increase. Iron ore discharged efficiency 24 times broke world records and container discharged efficiency continued to remain the first in the world. We also ranked the first in terms of rail loading quantity in the whole sea area.

In the modern logistic business, the Group fully used the port industry chain upstream and downstream resource, to consummate transportation, shipping agency, cargo agency, bonded trade, processing, storage, checking and finance businesses as a port comprehensive logistic service industry chain. It also designed door-to-door whole-process logistic system, to accelerate the transformation into a whole-process logistic service provider. The Company integrated container freight stations in Qingdao Port Area, rapidly increased market share. It accelerated the development of inland ports such as Linyi, Dongying and Zhengzhou, to strengthen the control of inland hinterland. Relying on supports from terminal business, the company expanded agency business quickly, being top-ranked in some sea lines and cargo freights in Qingdao Port Area.

In terms of "The Three Strategies", the Group used the three elements, consisting of finance, internationalization and internet, to innovate businesses in structure of industries. To go abroad in aspects of space and to improve efficiency from operation formed a new stereo integrative development of model including "Domestic Plus Foreign" and "Logistic Plus Finance Plus Internet". It continuously completed financial business and operated the Qingdao Financial Leasing, which improved 3.8 percentage points of profit contribution to the Company over the previous year, becoming a new profit growth point. The Company arranged steadily internationalization strategy. Established Oversea Sales Department provided management and technology to Burma Kyaukpyu Port successfully. The Company signed the joint venture memorandum of Italy Vado Ligure Port with Maersk Group, COSCO Group and other business partners, expanding the space of development. The internet strategy designed Intelligent Port in the high level. The Container Automatic Terminal took the virtualization test in the aspects of terminal business proceed and equipment. The Cross-border E-commerce Customs Clearance Platform and Highway Transportation Management Platform applied into practice, creating a new engine of development.

In improvement of capacity, the Group accelerated construction of the major auxiliary projects in Dongjiakou Port. Seven berths were approved for test operation. The railway connected to the port had finished the land pre-trial and received 10 other approvals. The project of crude oil pipeline had gotten preliminary supports from the governments and licensing authorities along the line. VTS system completed and put into operation. The Company was speeding up transforming the resources and capacities advantages into competitive advantages.

In aspect of enterprise management, the Group revised 80 management regulations and optimized 179 management processes according to modern enterprise system and corporate governance structure, to establish a sound risk and internal control management system. The Group refined comprehensive budget management, building the defense of operational risks. Meanwhile, through strengthening human resource management, controlling the scale of workforce and optimizing the structure, the Group increased labor productivity by 7.6% over previous year and enhanced the vitality and creativity of primary-level organization.

In 2015, the Group's cargo throughput was 430 million ton, representing an increase of 5.6% over the same period last year based on given statistic method in this year. Specifically, container throughput was 17.34 million TEU, representing an increase of 5.2% over the same period last year. As of 31 December, 2015, the Group achieved a profit attribute to equity holders of the company of RMB1,905 million, and earnings per share was RMB0.40.

The Board of the Company recommended the payment of a final dividend of RMB139.08 per 1,000 shares, the payout ratio of attributable profit was 40%.

2016 is the commencer year for implementation the 13th five-year-plan and the significant historical period of national economic and social depth transformation. 2016 is also a key year for the Company to remain sustainable, steady and leading development. The Group will adhere to innovative, coordinative, green, open and shared development principle, to insist on regarding economic benefit as the center, to enhance terminal business advantages, to deeply develop "door-to-door" whole-process logistic system, to speed up implementation of "The Three Strategy" to accelerate transformation of development power, to expand the space of incremental quantity and efficiency. The Company will strive to achieve steady growth and gain more returns to shareholder.

Last but not least, I would like to take this opportunity to thank, on behalf of the Board, all staff of their hard work in the past year, and extend my sincere gratitude to our shareholders and business partner for their confidence and strong support.

ZHENG Minghui
Chairman

18 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

I. MACRO SITUATION AND INDUSTRY OVERVIEW

In 2015, the macro economy of China confronted numerous difficulties and significant challenges. The economic downward pressure continued to increase, and the growth rate of Gross Domestic Product (GDP) for the year 2015 declined by 0.4 percentage points to 6.9% as compared to the prior year (statistics from the National Bureau of Statistics of the PRC). The growth rate of demand for export-import goods further slowed down. In particular, the growth rate of total amount of export trade and import trade for the year 2015 decreased by 8.8 percentage points to -2.8% and 14.7 percentage points to -14.2%, respectively, as compared to the prior year (statistics from General Administration of Customs of the PRC).

The growth of throughput among ports in China remained slow. From January to November in 2015, the total amount of cargo throughput of the above-scale coastal ports increased by 1.1% as compared to the prior year, among which, the throughput of containers and crude oil rose by 3.8% and 10.3%, respectively, and the throughput of metal ore decreased by 0.2%, as compared to the prior year (statistics from Ministry of Transport of the PRC). The increasingly intensive competition among port operators prompted the port industry to develop in depth. Those operators who are equipped with superior docking capacity, integrated port industry chain and diversified profit model will stand out from the competitors.

II. REVIEW OF BUSINESS AND FINANCIAL CONDITION

In 2015, the Group positively coped with the changes in the macro economy, and actively transformed and upgraded its business model. The Company remained as a leading first-class domestic port operator by relying on its terminal business as the foundation, and logistics, finance and other new businesses as the driver. In the New Normal, the Company achieved fast growth and provided satisfactory returns to its shareholders.

In the aspect of terminal business, the Group accurately grasped business opportunities, such as the permission of berth of Valemax in China and the regional refineries' obtaining of crude oil processing and import quota. Relying on its deep water terminals, vast storage yards and comprehensive cargo distribution and transportation networks, the Group designed "door-to-door" comprehensive logistics services, turned its advanced infrastructure to its competitive advantage and layed the foundation for a sustainable development.

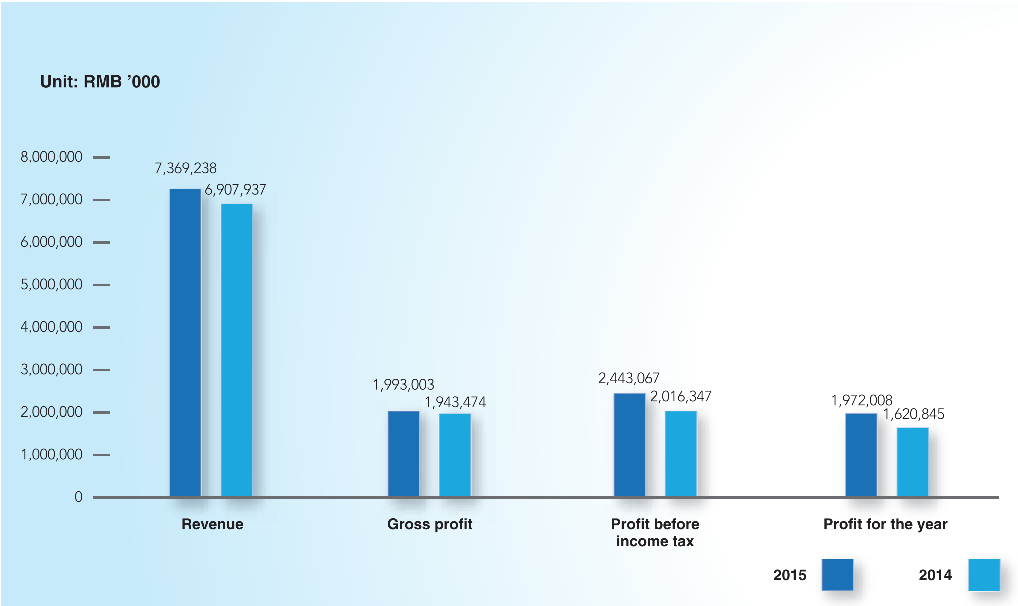
In the aspect of new businesses, the Group reasonably planned its investment portfolio to take full advantage of its ability in terms of cargo sources control and supply chains resources allocation; integrated various social resources through light-assets cooperation model to provide customers an industry-wide comprehensive port service covering agency, container management hubs, transportation and other service areas. Meanwhile, by efficiently integrating, matching the financial resources and funding needs of port-related entities and providing financial services such as deposit, loan, electronic banking papers and letter of guarantee, the Group managed to diversify its source of income and further stimulate its growth.

1. Overall Review of Business and Results

The Group is the primary operator of the port of Qingdao, one of the world's largest comprehensive ports, and is mainly engaged in six segments, including container handling and ancillary services, metal ore, coal and other cargo handling and ancillary services, liquid bulk handling and ancillary services, logistics and port value-added services, port ancillary services and financial services.

Unless otherwise specified, references to the operational data or information such as throughput, berthing and storage capacity of the Group shall include the aggregation of such operational data or information of the Group, the joint ventures and an associate of the Company, without taking into account the proportion of interest held by the Company in such joint ventures and associate.

Comparison of Major Operating Indicators



The Group's total revenue for the year ended 31 December 2015 was RMB7,369 million, representing an increase of RMB461 million or 6.7% compared to the prior year. Revenue and income from all services (including interest income of Qingdao Finance) was RMB7,615 million, representing an increase of RMB624 million or 8.9% compared to the prior year. Such increase was primarily due to an increase in revenue from logistics and port value-added services, financial services and port ancillary services.

The Group's gross profit for the year ended 31 December 2015 was RMB1,993 million, representing an increase of RMB50 million or 2.6% compared to the prior year. Such increase was primarily due to an increase in gross profit from logistics and port value-added services and port ancillary services.

The Group's selling and administrative expenses for the year ended 31 December 2015 decreased by RMB34 million or 5% compared to the prior year. Such decrease was primarily due to an decrease of RMB98 million in early retirement and other supplemental retirement benefit expenses, offset by the increase of RMB84 million in provision for asset impairment.

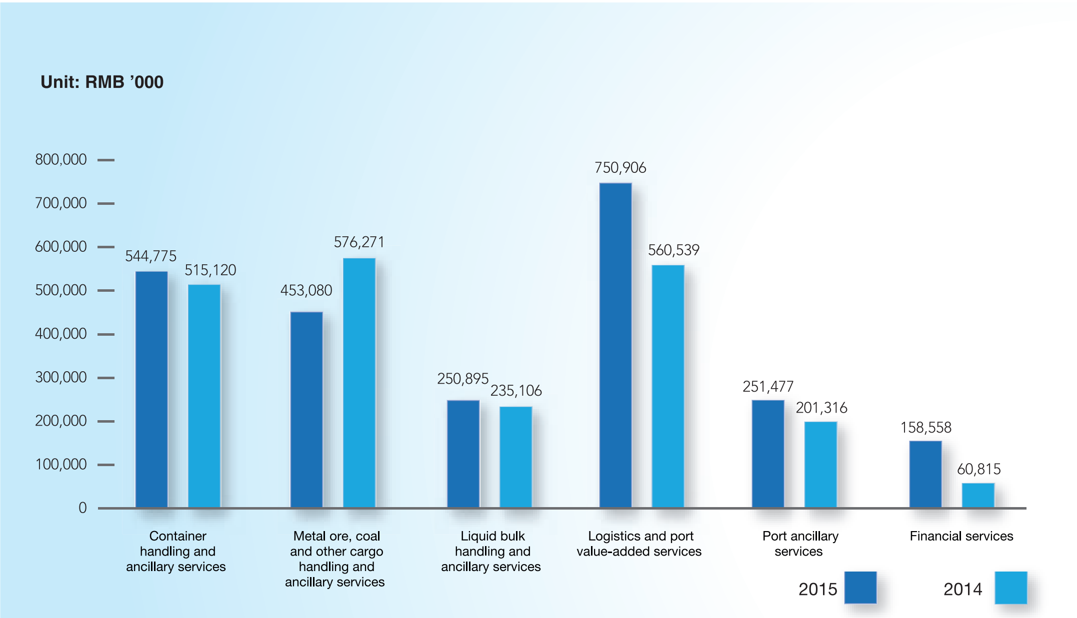
The Group's share of after-tax profit of joint ventures and an associate for the year ended 31 December 2015 was RMB674 million, representing an increase of RMB62 million or 10.1% compared to the prior year. Such increase was primarily due to a stronger performance of the container handling and ancillary services.

The Group's profit before income tax for the year ended 31 December 2015 was RMB2,443 million, representing an increase of RMB427 million or 21.2% compared to the prior year. In particular, the profit before income tax attributable to Consolidated Group Companies was RMB1,616 million, accounting for 70.6% of the total amount of the profit before income tax (excluding the gain from disposal of equity interests in Riqing Container), and representing an increase of 15.1% compared to the prior year.

The profit attributable to the owners of the Company for the year ended 31 December 2015 was RMB1,905 million, representing an increase of RMB320 million or 20.2% compared to the prior year; after excluding the gain from disposal of equity interests in Riqing Container, the profit attributed to owners of the Company was RMB1,790 million, representing an increase of RMB205 million or 12.9% compared to the prior year.

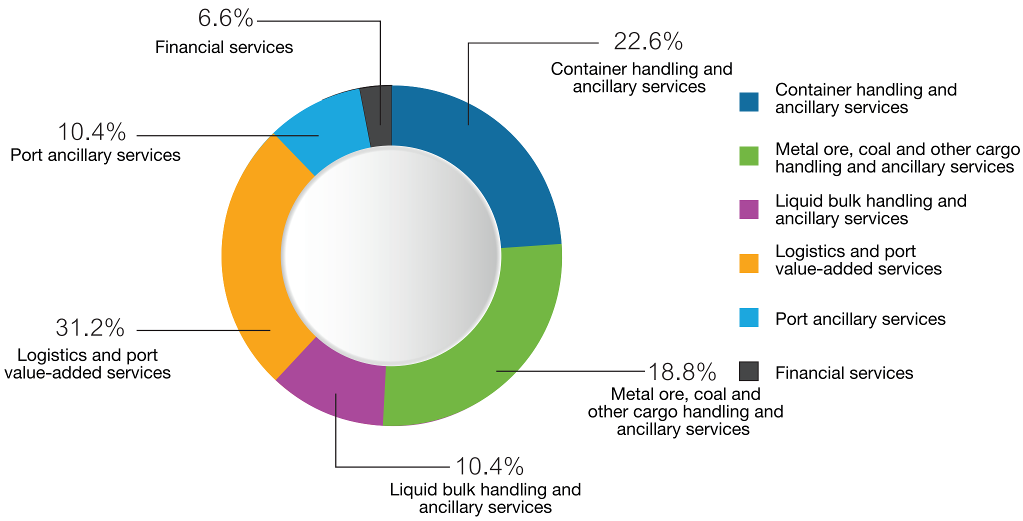
2. Review of Business and Results by Segments

Comparison of Segment Results



Note: Segment results for the year ended 31 December 2015 have excluded the gain from disposal of equity interests in Riqing Container.

Breakdown of Segment Results for 2015



Note: Segment results for the year ended 31 December 2015 have excluded the gain from disposal of equity interests in Riqing Container

The Group took full advantages of its port resources, reasonably planned its investment portfolio, and established a diversified enterprise group covering terminal business, logistics business and financial business. In particlar, after excluding the gain from disposal of equity interests in Riqing Container, the terminal business segment (including container handling and ancillary services, metal ore, coal and other cargo handling and ancillary services, and liquid bulk handling and ancillary services) contributed 51.8% of the total results, representing a decrease of 9.9 percentage points compared to the prior year. The logistics and port value-added services segment contributed 31.2% of the total results, representing an increase of 5.1 percentage points compared to the prior year. The financial services segment contributed 6.6% of the total results, representing an increase of 3.8 percentage points compared to the prior year. The Group relied on its terminal business and gradually established a diversified business model.

The details are set out below:

(1) Container handling and ancillary services

Unit: RMB ’000

Item	2015	2014	Year-on-year comparison	Changes
Consolidated Group Companies				
Revenue	**190,343**	196,825	-6,482	-3.3%
Cost	**61,091**	60,794	297	0.5%
Gross profit	**129,252**	136,031	-6,779	-5.0%
Profit of Consolidated Group Companies	**115,969**	116,973	-1,004	-0.9%
Joint ventures				
Revenue	**3,035,206**	2,962,738	72,468	2.4%
Cost	**1,121,722**	1,192,188	-70,466	-5.9%
Share of profit of joint ventures	**428,806**	398,147	30,659	7.7%
Gain from disposal of a joint venture	**153,157**	—	153,157	—
Segment results	**697,932**	515,120	182,812	35.5%

Note: Amount of revenue and cost of joint ventures represents the total amount of revenue and cost in the financial statements of the joint ventures such as QQCT and Qingwei Container, without taking into account the respective shareholding percentage the Company has in those joint ventures. See Note 13 to the financial statements for more details on QQCT’s financial information.

The Group’s container throughput was 17.34 million TEUs for the year ended 31 December 2015, representing an increase of 5.2% compared to the prior year. The Group also recorded a segment result of RMB698 million, representing an increase of RMB183 million or 35.5% compared to the prior year. After excluding the RMB153 million gain from the disposal of the equity interests in Riqing Container, the segment result was RMB545 million, representing an increase of 5.8% compared to the prior year.

The container handling and ancillary services segment was operated primarily through relevant joint ventures of the Company. Such change in results was mainly attributable to the following reasons:

(1) the Group strengthened its bargaining power and adjusted commercial preferential policies where appropriate with shipping companies, which increased stevedoring charges of main routes by 5%; and

(2) the Group enhanced financial management and decreased the financial costs of the joint ventures by RMB28 million.

(2) Metal ore, coal and other cargo handling and ancillary services

Unit: RMB '000

Item	2015	2014	Year-on-year comparison	Changes
Consolidated Group Companies				
Revenue	**2,942,473**	2,962,380	-19,907	-0.7%
Cost	**2,282,180**	2,123,793	158,387	7.5%
Gross profit	**660,293**	838,587	-178,294	-21.3%
Profit of Consolidated Group Companies	**435,656**	570,642	-134,986	-23.7%
Joint ventures				
Revenue	**1,220,429**	954,285	266,144	27.9%
Cost	**908,223**	790,304	117,919	14.9%
Share of profit of joint ventures	**17,424**	5,629	11,795	209.5%
Segment results	**453,080**	576,271	-123,191	-21.4%

Note: Amount of revenue and cost of joint ventures represents the total amount of revenue and cost in the financial statements of the joint ventures such as QDOT, West United and Huaneng Qingdao, without taking into account the respective shareholding percentage the Company has in those joint ventures.

The Group's throughput of metal ore, coal and other cargo for the year ended 31 December 2015 was 194 million tons, representing an increase of 8.2% compared to the prior year. The segment result was RMB453 million, representing a decrease of RMB123 million or 21.4% compared to the prior year.

Such change in results was attributable to the following reasons:

(1) the throughput of the newly launched "door to door" ore transshipment services with relatively lower charge increased while the throughput of the coal business with higher charge decreased, and the adjustment in domestic port charges decreased the average charges of ore, coal and other dry bulk by 6.2%;

(2) the increase in handling of break bulk cargo of the Group, the independent operation of the Dongjiakou Branch, and the newly launched "door to door" ore transshipment services caused the increase of operating costs, such as labor, material consuming and transshipment freight expenses; and

(3) the Group's share of post-tax profit from QDOT, a joint venture of the Company, increased by RMB12 million due to an increase in QDOT's revenue resulted from the expansion of the stevedoring business for Valemax as well as ancillary businesses including ore mixing, ore distribution and duty-free business.

(3) Liquid bulk handling and ancillary services

Unit: RMB '000

Item	2015	2014	Year-on-year compansion	Changes
Consolidated Group Companies				
Revenue	**99,149**	89,749	9,400	10.5%
Cost	**17,512**	15,423	2,089	13.5%
Gross profit	**81,637**	74,326	7,311	9.8%
Profit of Consolidated Group Companies	**81,299**	73,569	7,730	10.5%
Joint Ventures				
Revenue	**834,365**	765,026	69,339	9.1%
Cost	**330,759**	282,017	48,742	17.3%
Share of profit of joint ventures	**169,596**	161,537	8,059	5.0%
Segment results	**250,895**	235,106	15,789	6.7%

Note: Amount of revenue and cost of joint ventures represents the total amount of revenue and cost in the financial statements of the joint ventures such as Qingdao Shihua, without taking into account the respective shareholding percentage the Company has in those joint ventures. See Note 13 to the financial statements for more details on Qingdao Shihua's financial information.

The Group's throughput of liquid bulk for the year ended 31 December 2015 was 57.71 million tons, representing an increase of 10.2% compared to the prior year. The segment result was RMB251 million, representing an increase of RMB16 million or 6.7% compared to the prior year.

The liquid bulk handling and ancillary services segment was operated primarily through Qingdao Shihua, a joint venture of the Company. Such change in the result was mainly attributable to the following reasons:

(1) benefiting from adjustment in national crude oil import policy, the regional refineries in Shandong Province obtained the crude oil import and processing quota, and thus imported more crude oil to substitute fuel oil, with the transportation shifting from small tonnage ships to large tonnage ships, which drived the increase of business amount and revenue of Qingdao Shihua; and

(2) the new crude oil terminal of Qingdao Shihua in Dongjiakou Port Area and the operation capacity has not been fully released due to inadequate infrastructure, however, the fixed costs still increased. Following the completion of ancillary oil tanks and pipelines and other infrastructures, revenue from such crude oil terminal should increase accordingly.

(4) Logistics and port value-added services

Unit: RMB '000

Item	2015	2014	Year-on-year compansion	Changes
Consolidated Group Companies				
Revenue	**2,417,114**	2,083,822	333,292	16.0%
Cost	**1,613,247**	1,476,443	136,804	9.3%
Gross profit	**803,867**	607,379	196,488	32.4%
Profit of Consolidated Group Companies	**692,142**	513,924	178,218	34.7%
Joint ventures and an associate				
Revenue	**674,409**	614,023	60,386	9.8%
Cost	**460,634**	422,486	38,148	9.0%
Share profit of joint ventures and an associate	**58,764**	46,615	12,149	26.1%
Segment results	**750,906**	560,539	190,367	34.0%

Note: Amount of revenue and cost of the joint ventures and associate represents the total amount of revenue and cost in the financial statements of the joint ventures and associate which provided logistics and port value-added services, without taking into account the respective shareholding percentage the Company has in those joint ventures and associate.

The segment result for the year ended 31 December 2015 was RMB751 million, representing an increase of RMB190 million or 34.0% compared to the prior year.

The change in the result was mainly attributable to an increase in profits before income tax in terms of the following aspects:

(1) RMB31 million, due to the steady growth of towing and tallying businesses as a result of the growth in terminal business;

(2) RMB46 million, due to the increase of hub and storage business by an effective cooperation among the Group's and other container management hubs and shipping companies, which brought out scale effect;

(3) RMB74 million, due to the increase in agency business as a result of the synergies with terminal business: the container shipping agency already covers 15 shipping companies and 16 shipping lines; furthermore, the freight agency established leading positions in seven types of cargo which include fertilizers and frozen fish; and

(4) RMB41 million, due to the strong performance of the transport discharging business, which relied on its information advantages to optimize the pairing between cargos and trucks, thereby covering 50% of users inside the port areas and improving the loading rate by 14 percentage points.

(5) Port ancillary services

Unit: RMB '000

Item	2015	2014	Year-on-year comparison	Changes
Consolidated Group Companies				
Revenue	**1,714,324**	1,571,937	142,387	9.1%
Cost	**1,397,924**	1,287,056	110,868	8.6%
Gross profit	**316,400**	284,881	31,519	11.1%
Profit of Consolidated Group Companies	**251,477**	201,316	50,161	24.9%
Segment results	**251,477**	201,316	50,161	24.9%

While making full use of port resources and providing satisfactory port ancillary services, the port ancillary services business segment facilitated the expansion of business scope and sought out new opportunities so as to optimize a market-oriented, industrialised and capitalised business model.

The segment result was RMB251 million for the year ended 31 December 2015, representing an increase of RMB50 million or 24.9% compared to the prior year. Such increase was mainly attributable to an increase in profit before income tax from oil supply, power supply and port project construction businesses.

(6) Financial services

Unit: RMB '000

Item	2015	2014	Year-on-year increase	Changes
Consolidated Group Companies				
Revenue	**251,911**	86,312	165,599	191.9%
Cost	**35,613**	9,241	26,372	285.4%
Gross profit	**216,298**	77,071	139,227	180.6%
Profit of Consolidated Group Companies	**158,558**	60,815	97,743	160.7%
Segment results	**158,558**	60,815	97,743	160.7%

The Group formulated implemented the port financial industry development plan to expand the function of financial services and established a port-oriented financial service system. The segment result was RMB159 million for the year ended 31 December 2015, representing an increase of RMB98 million or 160.7% compared to the prior year.

The increase in financial services segment result was mainly attributable to Qingdao Finance as it operated seven more months compared to the prior year and its business lines and profitability expanded and improved accordingly.

3. Financial Status Analysis

Unit: RMB '000

Item	**31 December 2015**	31 December 2014	Increase in amount	Change
Cash and cash equivalents	**4,760,409**	4,534,822	225,587	5.0%
Investments in joint ventures and an associate	**4,698,040**	4,453,664	244,376	5.5%
Property, plant and equipment	**11,767,904**	10,686,994	1,080,910	10.1%
Trade and other payables (current)	**10,219,099**	8,675,322	1,543,777	17.8%

As at 31 December 2015, the Group's cash and cash equivalents increased by RMB226 million compared to the prior year, mainly due to the net cash inflow of RMB1,429 million from operating activities, net cash outflow of RMB3,158 million from investing activities and net cash inflow of RMB1,950 million from financing activities.

As at 31 December 2015, the Group's investments in the joint ventures and an associate increased by RMB244 million or 5.5% compared to the prior year, mainly due to the Group's investment income as recognised under equity method, and the increase in the Group's investment costs exceeded the dividends as declared by the joint ventures and an associate during the year ended 31 December 2015.

As at 31 December 2015, the Group's properties, plant and equipment increased by RMB1,081 million or 10.1% compared to the prior year, mainly due to the increased investment in construction of multi-purpose berths, crude oil tanks and other infrastructures in Dongjiakou Port Area.

As at 31 December 2015, the Group's trade and other payables (current) increased by RMB1,544 million or 17.8% compared to the prior year, mainly due to the increase in the deposit of members with Qingdao Finance.

4. Cash flow analysis

For the year ended 31 December 2015, the Group's net cash inflow amounted to RMB226 million (including the exchange gain). The detailed analysis is set out below:

Net cash inflow from operating activities amounted to RMB1,429 million, mainly derived from the operating profit of Consolidated Group Companies. Net cash outflow from investing activities amounted to RMB3,158 million, mainly comprising cash inflow of RMB556 million through dividends from joint ventures; cash inflow of RMB486 million from decrease in mandatory reserve deposit of Qingdao Finance; cash inflow of RMB320 million from the disposal of equity interests in Riqing Container; cash inflow of RMB291 million from receipt of interests; cash outflow of RMB2,081 million from acquisition of properties, plants and equipment; cash outflow of RMB2,261 million from loans advanced to members of the Group; and cash outflow of RMB348 million from increase of term deposits with initial term of over three months. Net cash inflow from financing activities amounted to RMB1,950 million, mainly due to cash inflow of RMB2,397 million from an increase in net deposits absorbed by Qingdao Finance, offset by cash outflow of RMB469 million from the Company's distributions of dividends.

5. Liquidity and Financial Resources

As at 31 December 2015, the balance of the Group's cash and cash equivalents, term deposits with initial term of over three months and restricted bank deposits amounted to RMB7,556 million, which mainly comprised RMB-denominated deposits. The Group's total interest-bearing bank borrowings amounted to RMB492 million, which were all RMB-denominated borrowings and included RMB183 million of borrowings at floating rates. As at 31 December 2015, the gearing ratio was 13%.

6. Capital Structure

As at 31 December 2015, total equity of the Group amounted to RMB13,332 million, increased by RMB898 million as compared with that of 31 December 2014. Such net increase mainly comprised an increase of RMB1,905 million in retained earnings as a result of higher operating profit for the year ended 31 December 2015; a decrease of RMB946 million in retained earnings due to the declaration of a special dividend and a final dividend of year 2014 by the Company; and a decrease of RMB130 million in capital reserves due to the remeasurement of supplemental benefit obligations.

As at 31 December 2015, the total issued share capital of the Company was 4,778,204,000 shares, of which 856,024,000 shares were H shares. The total market capitalisation and H share market capitalisation of the Company were HK$16,533 million and HK$2,962 million, respectively.

7. Interest rates and exchange rates risks

As at 31 December 2015, restricted bank deposits, certain portion of cash and cash equivalents, amounts due to related parties, certain portion of amounts advanced to related parties and certain portion of bank borrowings of the Group were RMB434 million, RMB1,310 million, RMB2,219 million, RMB5,843 million and RMB183 million respectively, and are subjected to floating interest rates. The Company has assessed the interest rates risk and anticipates that interest rates risk will not have material impact on the results and financial position of the Group.

The Group's business activities are mainly conducted in the PRC and settled in RMB. Changes in exchange rates do not have a material effect on the Group. The Group will continue to closely monitor interest rates and exchange rates risks, and did not enter into any hedging arrangements to hedge against exposure in interest rates and exchange rates risks during the year ended 31 December 2015.

8. Risk in relation to the dependence on the economic development of the hinterland

Our Group is principally engaged in the cargo handling as well as ancillary services including logistics and financial service. Our business operation closely relates to the economic development of the hinterland. Factors such as the economic growth of the hinterland, the development of the export-oriented economic, the industrial structure and the transport and logistics of the hinterland will have a direct or indirect impact on the Group 's operation.

The main economic hinterland of the Group is the Bohai Rim Region, which is one of the developed economic areas of the PRC. Based on the consolidation of the traditional hinterland, the Group continues to strengthen the construction of the transportation system and inland network and provide its customers with an "one-stop" comprehensive logistics service utilizing the "door-to-door" method to expand its service area into the areas along the "One Belt and One Road" and the Yangtze river basin, avoiding the risk in relation to the dependence on the economic development of the hinterland to the largest extend.

9. Financial indicators

Indicators	**2015 January to December**	2014 January to December	Change over 2014
Return on total assets	**6.6%**	6.8%	-0.2 percentage points
Return on net assets	**15.3%**	15.4%	-0.1 percentage points

For the year ended 31 December 2015, return on total assets of the Group was 6.6%, representing a decrease of 0.2 percentage points; and return on net assets was 15.3%, representing a decrease of 0.1 percentage points compared to the prior year. The Company's rate of return on total assets and net assets remained at the top level in the industry, which reflects the company's business philosophy that focusing on economic efficiency. Such rate of return was mainly due to (i) allocation of terminal investments based on market demand, which increased the utilization rate of designing capacity to 150%; (ii) high return on investments from improved operating efficiency and profitability of major joint ventures, such as QQCT and Qingdao Shihua; and (iii) fast growth of modern logistics, financial and other light-assets businesses, which generated 37.8% of the total profits with use of 27.6% of the net assets.

10. The influence of Qingdao Finance to the consolidated statements of the Group

	2015	2014
Consolidated Balance Sheet		
Cash and cash equivalents	**2,391,277**	2,192,349
Term deposits with initial term of over three months	**2,207,450**	977,000
Restricted bank deposits	**388,172**	874,552
Trade and other receivables (current)	**279,488**	62,254
Trade and other receivables (non-current)	**1,472,366**	88,980
Trade and other payables (current)	**6,287,072**	3,885,462
Other reserves	**77,670**	33,107
Consolidated Income Statement		
Other income	**246,076**	83,088
Finance costs	**(31,332)**	(8,287)
Consolidated Statement of Cash Flow		
Loans advanced to related parties	**(1,700,728)**	(150,980)
Loans repaid by related parties	**71,020**	—
Increase in term deposits with initial term of over three months	**(1,230,450)**	(977,000)
Decrease/(increase) in mandatory reserve deposit as included in restricted bank deposits	**486,380**	(874,552)
Interest received	**243,984**	17,880
Increase in amounts due to related parties	**2,396,753**	3,883,889
Interest paid	**(26,624)**	(6,888)

III. SIGNIFICANT CAPITAL EXPENDITURES

During the year of 2015, the Group's significant capital expenditures amounted to RMB1,543 million. Among those, equity investment was RMB112 million, mainly comprising investments in Binzhou Port-Qingdao Port International Terminal Company, Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd. and Vopak Logistics (Qingdao) Co., Ltd., and acquisition of Qingdao City Qingdao Port Commodity Trading Center Co., Ltd. and Evergreen (Qingdao) Container Storage & Transportation Co., Ltd.; capital expenditures for long-term assets such as terminals, oil tanks and equipment was RMB1,431 million, mainly comprising investment in construction terminals, tanks and other equipment at Dongjiakou Port Area.

IV. SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

On 10 February 2015, the Group entered into a share transfer agreement with Rizhao Port Group Co., Ltd. The Group transferred its 50% equity interests in Riqing Container to Rizhao Port Group Co., Ltd. at a consideration of RMB639 million. The Board has resolved and approved such transaction. As at 31 December 2015, such transaction has been completed.

On 20 March 2015, the Company acquired from Qingdao Port Investment and Construction (Group) Co., Ltd., a subsidiary of QDP, its 100% equity interests in Qingdao City Qingdao Port Commodity Trading Center Co., Ltd. at a cash consideration of RMB15.312 million. The Board has resolved and approved such transaction. Please refer to the announcement of the Company dated 20 March 2015 for detailed information of the transaction. As at 31 December 2015, such transaction has been completed.

On 27 July 2015, the Company acquired 100% equity interests in Qingdao Port International Development (Hong Kong) Co., Ltd. from QDP at a cash consideration of RMB31.18 million. The Board has resolved and approved such transaction. Please refer to the announcement of the Company dated 27 July 2015 for detailed information of the transaction. As at 31 December 2015, such transaction has been completed.

V. EMPLOYEES

As of 31 December 2015, the Company had 6,981employees and its subsidiaries and principal joint ventures had 5,700 employees. Employees' remunerations of the Group include basic salaries, wages and performance-based bonuses. The growth of employees' remunerations are determined by their working performance, economic environment, and supply and demand conditions of human resource market, under the "two matches" principle to match the employees' income growth with the growth of the Company's results and the raise of production rate. The Group's remuneration policy is reviewed on a regular basis. Remaining committed to its "people-focused" approach and safeguarding the legitimate rights and interests of employees, the Group contributes social insurances as required by the relevant regulations of the PRC and also sets up enterprise annuity to provide extra welfare scheme to its employees.

VI. PLEDGE OF ASSETS

As at 31 December 2015, bank acceptance bills of the Group with a value of approximately RMB62.732 million have been pledged as the security for issuance of bank acceptance notes.

VII. CORPORATE SOCIAL RESPONSIBILITY

1. Environment Protection

The Group makes it a mission to assume social responsibility by insisting on implementing "blue sky, green land and clean water" (藍天、綠地、碧水) projects and pushing forward the construction of green low-carbon emission ports. It obtained an excellent grade in its energy management for the annual evaluation in Qingdao City.

The Group has proactively pushed forward the application of low-carbon emission technology. The Group's comprehensive production energy consumption reduced by 2% by accomplishing energy-saving programs such as online monitoring of electric energy, feedback on energe of the large-scale port machinery and electric harmonic control, and upgrading to LED green lighting technology to a full extent.

The Group has laid emphasis on the building of an environment-friendly port by requiring that all goods stacks must be covered, that all stacking yards must undergo spraying, and that all tires of handling vehicles must be washed (貨垛全部苫蓋、堆場全部噴淋、搬倒市提車輛全部沖洗車輪) in the port areas, and completing exhaust testing for 847 motor vehicles inside and outside the port so as to minimize dust in the air, sand on the land and floating debris in the water. The Group planted 12,000 sprouts and trees of various species, in an effort to build a green ecological environment.

The Group continued to enhance health and epidemic prevention management. It assisted the Entry-Exit Inspection and Quarantine Department to struggle with Middle East Respiratory Syndrome (MERS), checking 31 ships and 5,253 persons. It also kept organizing people to exterminate pest and virus vectors. The epidemic prevention area is 351,400 squared meters.

2. Employee Care

The Group attached great importance to management team building. The Group engaged external experts to hold seven high-end training classes for the its management team and provide trainings on listed companies' management and internal control focusing on the Company's development strategy, covering topics on financial management, internet, safety culture, risk management, and legal risk prevention, aiming to improve the decision-making ability of its management team.

The Group proactively carried out ability improvement trainings to all employees for constantly enhancing employees' ability by successively holding 46 specialized training courses on finance, human resources, logistics, equipment technology and safety quality management. The Group also cooperated with The Open University of China and China University of Petroleum to provide credential education to improve its employees' quality. To develop employees' thinking in the frontier field, the Group also arranged key staff to attend specialized training courses held by China Ports & Harbours Association on production coordination, safety management, freight quality, modern logistics, customer services, commercial charge collection, and legal issues.

The Group cared the employees' physical and mental health. It held health seminars on a regular basis and carried out health and science education activities. It had formed scientific, comprehensive and optimized physical examination standards and provided, funds to its employees for physical examination once a year, and followed up therapies of illness.

The Group intensified intrinsic safety construction in key points. The Group advanced to a full extent the construction and implementation plan of its safety culture system, actively mitigating safety risks by means of video "surveillance for site safety, being enclosed and isolated for high-risk" work areas, and man-machine separation. The Group also carried out diagnostic expert evaluation in key points such as in the operation of dangerous goods and held 142 specialized training classes for working staff of dangerous goods and 26 emergency drills, improving standardization, proceduralization and operability in safety management.

3. Community Care

The Group actively participated in public welfare activities, such as helping the elderly, the poor and the young. It has organized its employees to donate blood on a regular basis and donated more than 50,000 milliliter of blood in the year 2015. The Group also organized its employees to participate in voluntary tree-planting activities themed as "Youth Green Promotion, Build Beautiful Qingdao", to examine electric circuits and repair electric appliances for community residents on a regular basis, and giving warmth to the elderly. The Group participated in the project of national youth healthy personality education demonstration base and the project of "Bluetree Valley", for, the teenagers social and professional experience center and undertook summer tour themed as "All Young Hand in Hand to Fulfill Beautiful Chinese Dream" to the port organized by the Central Committee of the Communist Youth League.

VIII. OUTLOOK FOR 2016

The global economy will continue to recover at a slow pace, with a great deal of uncertainty and instability in 2016. The International Monetary Fund, the World Bank and the Organization for Economic Co-operation and Development had lowered the expected global economic growth rate for 2016, but still anticipated a growth rate between 2.9% and 3.4%. Meanwhile, the domestic economy will confront greater downward pressures. However, the long-term trend of economic growth remains unchanged, with the expected growth rate to be between 6.5% and 7%.

The Group will closely monitor changes in the economy. The Group will also take advantage of Qingdao Port's various strengths, such as cargo diversity and services comprehensiveness, to effectively respond to changes in different aspects of domestic or global economy. Meanwhile, the Group will continue to transform and upgrade its businesses. While improving its traditional businesses and for the purpose of maintenance of a sustainable growth, the Group will expand new businesses, establish a modern logistics industrial chain, diversify the financial services, integrate its businesses into "One Belt and One Road" initiative and explore its oversea business opportunities to maintain a stable development. As such, the Group will concentrate its efforts on the following six aspects:

Firstly, the Group will continue to strengthen the terminal stevedoring business. The Group will leverage on its advantages in owning the world's first-class specialized deep berths for containers, crude oil, ore, coal and grains, being the world's top rating operation efficiency and alliance with internationally renowned strategic partners and maintain high-level communications with key clients, implement headquarter marketing strategy, so as to expand and improve businesses involving its core cargo types. In particular, as to the container business, the Group will add new international routes, enhance its waterway network, develop international transshipment business provide accurate forecast of berthing time to shipping companies and the comprehensive logistics services so that the Group will maintain its leading position as the top container hub port in Northern China with a steady and increasing cargo services; as to the dry bulk business, the Group will take advantage of its 400,000 ton-class and 200,000 ton-class terminals, large stock yards, large bonded zones, comprehensive logistics services and enhance cooperation with major miners, major traders and major steel mills, to operate bonded ore, mixed processing, logistics transportation, futures settlement and other businesses, in order to form an "ore supermarket", and increase grain import through the use of new grain berths and ancillary grain tanks at the Dongjiakou Port Area; as to the liquid bulk business, the Group will accelerate the construction of 2.46 million cubic meter oil storage tanks and inland oil pipelines, so as to increase its storage and transportation capacity, and strive to increase its market share by relying on its bonded storage tanks and strategic alliance with major traders. Besides, by making full use of its vast stock yards in Dongjiakou Port Area, the Group will achieve higher volume and revenue from steel, wood, constructive materials and other cargos.

Secondly, the Group will continue to expand the "door-to-door" comprehensive logistics service. By utilizing the strengths of ports as a hub in the logistics chain and the port resources, the Group will integrate relevant logistics resources to provide "door-to-door" comprehensive logistics service for its customers. In particular, firstly the Group will expand the agency business and cooperate with world-class shipping companies to gradually gain competitive edges in large containers, ore, and cruiser agency businesses. Secondly, by developing public transportation business, the Group will integrate and appropriate transportation resources and capacity through the use of the Qingdao Port Road Transport E-commerce Platform, thereby decreasing costs for the customers and benefiting the Group. Thirdly, the Group will accelerate the construction of inland ports and establish regional marketing center and logistics service center, to enhance its control over the flow of goods on inland area. Forthly, the Group will improve its sea-railway network and enhance cooperation with the railway departments, to add new routes and transportation capacity. Finally, the Group will improve the international logistics channel that connects to Middle Asia and Europe, increase the number of direct lines from Qingdao to Middle Asia and Europe, and construct an "Oriental Bridgehead."

Thirdly, the Group will further implement its financial strategy. The Group will take advantage of the port as a logistics center, cash flow center and information flow center, to deepen integration between finance and industry, and improve the Group's financial services and profitability. Specifically, through strengthening the treasury management of Qingdao Finance, the Group will further improve the service businesses, expand the business scope and strengthen the function of financial services. Secondly, the Group will make full use of Qingdao Financial Leasing, to continue operating movable leasing business, such as large equipment, thereby reducing the Group's financial cost. Meanwhile, the Group will use its port resources to explore external markets and cooperate with other financial institutions to operate united lease, sublease and business factoring, to increase the Group's revenue. Thirdly, the Group will use "Yin Gang Tong", a system designed by the Group and Qingdao Banking Regulatory Bureau, to share information among banks, ports and cargo owners, to operate cargo collaterals supervising business, and provide an efficient monitoring platform for banks and a convenient financing channel for cargo owners, thereby increasing the Group's cargo volume and revenue.

Forthly, the Group will vigorously implement the Internet strategy. The Group will integrate in depth internet technology with stevedoring, port logistics and internal control, to construct the intelligent port. In particular, the Group will develop a terminal intelligent operation system, establish two world-class automatic container berths and be able to conduct a trial run of the terminals by the end of this year. At the same time, the Group will upgrade the operation management system of other terminals to improve efficiency and reduce cost. Additionally, the Group will design logistics e-commerce network service system and to drive the transfer of logistics services from offline to online for the benefit of the clients and create value for the Group. Finally, the Group will improve administrative efficiency and facilitate intelligent administration by coordinating the construction of administrative and internal management system.

Fifthly, the Group will steadily implement globalization strategy. The Group will grasp the opportunity of the "One Belt and One Road" initiative by forming a strategic alliance with major domestic and foreign shipping companies, international terminal operators and other partners, to complement their respective strengths and explore overseas opportunities. In particular, the Group will explore sister ports around the world and share information, technologies, management and other know-hows. Moreover, by the steadily output of its management and capital, the Group will look for opportunities to invest in and operate oversea projects such as terminals and logistics parks.

Finally, the Group will continue to improve corporate governance. The Group will strictly abide by the relevant laws and regulations, the listing rules and corporate governance rules. The Group will continue to adjust and improve its corporate governance rules to ensure regulatory measures and control activities for every operation activity, every position and every potential risk. Furthermore, the Group will establish a comprehensive risk management system that entails risk prevention, financial supervision, legal compliance and internal audit. The Group will continue to improve and standardize its operation to increase efficiency and reduce overall costs. The Group will enhance incentive mechanisms, optimize allocation of human resource, control the scale of workforce, enhance employee training, and form a committed, loyal, innovative and efficient team.

IX. PROPOSED FINAL DIVIDEND FOR THE YEAR AND CLOSURE OF REGISTER

The Board has proposed the distribution of a final dividend of approximately RMB664.55 million or RMB139.08 per thousand shares (tax inclusive) for the year ended 31 December 2015 to the shareholders whose names appear on the register of members of the Company on 17 June 2016, before 5 August 2016. The payment of the final dividend shall be subject to approval by the Company's shareholders at the forthcoming annual general meeting.

In order to determine the eligibility of being entitled to the proposed final dividend, the share register of the Company will be closed from Sunday, 12 June 2016 to Friday, 17 June 2016 (both days inclusive), during which no share transfer will be registered. The shareholders whose names appear on the register of members of the Company on Friday, 17 June 2016 are entitled to the proposed final dividend. Holders of the Company's shares who wish to receive the proposed final dividend are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or at the Company's registered office in the PRC, at 7 Ganghua Road, City North District, Qingdao, Shandong Province, the PRC (for holders of domestic shares), no later than 4:30 p.m. on Friday, 10 June 2016 for registration.

X. DISTRIBUTION OF FINAL DIVIDEND AND WITHHOLDING OF CORPORATE INCOME TAX AND INDIVIDUAL INCOME TAX

(1) Overseas enterprise shareholders

In accordance with the Corporate Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends to non-resident enterprise shareholders, it is required to withhold 10% corporate income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of dividends as corporate income tax, distribute the dividends to non-resident enterprise Shareholders, i.e. any Shareholders who hold the Company's Shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups.

(2) Individual shareholders

Pursuant to the Notice of the PRC State Administration of Taxation Concerning the Collection and Management of Individual Income Tax after the Abolition of the Circular SAT No. [1993] 045 (國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知) issued by the SAT on 4 January 2011, dividends paid by a PRC non- foreign-funded company listed in Hong Kong are generally subject to a 10% individual income tax. For residents in a country where a tax treaty is signed, if the applicable tax rate is lower than 10%, the Company may apply for treaty benefits on their behalf and claim a refund of the excessively withheld tax subject to approval by the competent tax authorities. However, if the tax rate applicable to the dividends to be distributed to the residents of a country where a tax treaty is signed is between 10% and 20%, the Company will withhold such residents' individual income tax at the tax rate stipulated under the tax treaty. For residents of a country which has not entered into a tax treaty with the PRC or in other cases, the Company will withhold individual income tax at the tax rate of 20%.

XI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability.

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

XII. COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct for securities transactions by directors and supervisors of the Company. Specific enquiries have been made to all the directors and supervisors of the Company and each of the directors and supervisors of the Company has confirmed that he/she has complied with the Model Code for the year ended 31 December 2015.

XIII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

No purchase, sale and redemption of any listed securities of the Company was made by the Company or any of its subsidiaries for the year ended 31 December 2015.

XIV. AUDIT COMMITTEE

The Audit Committee has reviewed, with management, the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2015.

XV. AMENDMENTS OF CONSTITUTIONAL DOCUMENT

The Company made amendments to the Articles of Association at the annual general meeting held on 6 June 2015. The revised version came into effect upon approval by the shareholders at the aforesaid annual general meeting. The current effective Articles of Association have been published on the websites of the Company and the Hong Kong Stock Exchange.

XVI. CLOSURE OF REGISTER

In order to determine the eligibility of shareholders who are entitled to attend the annual general meeting of the Company, the share register of the Company will be closed from Saturday, 7 May 2016 to Monday, 6 June 2016 (both days inclusive), during which no share transfer will be registered. The shareholders whose names appear on the register of members of the Company on Monday, 6 June 2016 are entitled to attend and vote at the annual general meeting. Holders of the Company's shares who wish to attend the annual general meeting but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or at the Company's registered office in the PRC, at 7 Ganghua Road, City North District, Qingdao, Shandong Province, the PRC (for holders of domestic shares), no later than 4:30 p.m. on Friday, 6 May 2016 for registration.

XVII. MATERIAL LITIGATIONS

Other than the litigations to which the Company was involved as disclosed in the announcements of the Company published on 28 July 2014, 15 August 2014 and 5 September 2014, respectively, the Group was not involved in any material litigation or arbitration from the Listing Date to 31 December 2015.

The Company does not expect the aforesaid litigations and relevant judgments and orders to have a material adverse impact on the Group's business and operations.

XVIII. SUBSEQUENT EVENTS

On 16 March 2016, the Company issued the first tranche of the corporate bonds of 2016 of the Company (the "First Tranche Domestic Corporate Bonds"). The First Tranche Domestic Corporate Bonds has an aggregate amount of RMB1,500,000,000. Details of the issue of the bonds were published on the website of the Shanghai Stock Exchange (www.sse.com.cn). The Company intends to apply the proceeds from the issue of the First Tranche Domestic Corporate Bonds to the complement the liquidity of the Company.

BIOGRAPHICAL DETAILS OF MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

1. Executive Directors

Mr. ZHENG Minghui (鄭明輝), aged 59, is a postgraduate of Nankai University (南開大學) and a senior economist. He has joined the QDP since April 2013, and has joined the Company since November 2013. He currently serves as the Chairman and an executive Director of the Company, chairman of Strategy and Development Committee, chairman of Nomination Committee, chairman of QDP, a director of Qingdao Port International Development (Hong Kong) Co., Limited (青島港國際發展(香港)有限公司), a wholly owned subsidiary of the Company, chairman of Qingdao Finance and chairman of Qingdao Passenger Liner Home Port Co., Ltd. (青島郵輪母港有限公司), a wholly owned subsidiary of QDP. He has served as a senior economist, general manager and chairman of Qingdao Machinery Industry Corporation (青島市機械工業總公司), deputy director of the Qingdao Municipal Development and Reform Commission (青島市發展和改革委員會), director of Qingdao Municipal Commission of Transportation (青島市交通運輸委員會), secretary of Jimo Municipal Party Committee (即墨市市委) and principal of Party School of the Municipal Party Committee (市委黨校), head of the Municipal Port and Shipping Administration Authority (青島市港航管理局) and president of QDP, and a director of Qingdao Port Investment Development (Hong Kong) Co., Limited (青島港投資發展（香港）有限公司). Mr. ZHENG has over 31 years of experience in leadership and management of state authorities and large-scale state-owned enterprises.

Mr. JIAO Guangjun (焦廣軍), aged 49, is a bachelor of Wuhan Water Transportation Engineering College (武漢水運工程學院) (now known as Wuhan University of Technology (武漢理工大學)) and a senior engineer. He joined the Qingdao Port Authority (青島港務局), which is now the QDP, in July 1988, and has joined the Company since November 2013. He currently serves as the president, an executive director, member of Strategy and Development Committee and the chief safety officer of the Company as well as chairman of Qingdao Port Technology Co., Ltd. (青島港科技有限公司). He has served as manager of Yougang Company (油港公司) of Qingdao Port Authority, news center officer, head of safety and technology department, assistant to the president and vice president of QDP and vice president of the Company. Mr. JIAO has over 27 years of working experience in the port industry, and is experienced in managing large-scale port enterprises.

Ms. JIANG Chunfeng (姜春鳳), aged 40, is a master in management studies of Shandong Economics University (山東經濟學院) (now known as Shandong University of Finance and Economics (山東財經大學)) and a senior accountant. She joined the Qingdao Port Authority (青島港務局), which is now the QDP, in July 2002, and has joined the Company since November 2013. She currently serves as the executive director, member of Strategy and Development Committee the vice president, the chief financial officer and the head of the finance department of the Company, a director of Qingdao Finance, a director and general manager of Qingdao Yongli, a director of Qingdao Port Technology Co., Ltd. (青島港科技有限公司) and a director of Qingdao Port Culture & Media Co., Ltd. (青島港文化傳媒有限公司). She has served as deputy director of finance department and deputy director of capital markets office of QDP, and the head of the Overseas Business Department of the Company. Ms. JIANG has over 13 years of working experience in the port industry, and has extensive experience in large-scale port enterprise management and finance.

Note: Information stated in this section is up to 18 March 2016.

2. Non-Executive Directors

Mr. CHENG Xinnong (成新農), aged 48, was graduated from Jimei Navigation Institute (集美航海專科學校) (now known as Jimei University (集美大學)) and is a senior engineer. He joined the Qingdao Port Authority (青島港務局), which is now the QDP, in August 1988, and has joined the Company since November 2013. He currently serves as the Vice Chairman, a non-executive director of the Company, member of Strategy and Development Committee, member of Remuneration Committee, vice chairman, president and chief safety officer of QDP, as well as chairman, vice chairman and director of several subsidiaries, joint ventures and associates of the Company. He has served as deputy factory director of the Port Machinery Factory (港機廠) of QDP and manager of the Tugboat and Barge Branch of QDP, head of business department, vice president and executive vice president of QDP as well as an executive director, the president and the chief safety officer of the Company. Mr. CHENG has over 27 years of working experience in the port industry, and is experienced in managing large-scale port enterprises.

Mr. SUN Yafei (孫亞非), aged 60, has joined the QDP since April 2013, and has joined the Company since November 2013. He currently serves as a non-executive director of the Company, member of Strategy and Development Committee, and member of Audit Committee. He has served as deputy director and deputy secretary general of the General Office of Qingdao Municipal Party Committee (青島市委辦公廳), director of the overseas Chinese Affairs Office of the Qingdao Municipal Government (青島市政府僑務辦公室) and head of Qingdao Municipal Food and Drug Supervision and Administration Authority (青島市食品藥品監督管理局). Mr. SUN has over 41 years of working experience in state authorities and large-scale state-owned enterprises.

Mr. MA Baoliang (馬寶亮), aged 58, was graduated from Shandong University (山東大學) with a college degree. He joined the Qingdao Port Authority (青島港務局), which is now the QDP, in October 1993, and has joined the Company since November 2013. He currently serves as a non-executive director of the Company, member of Strategy and Development Committee and head of labour union of the Company, head of labour union of QDP and chairman of Qingdao Port Culture & Media Co., Ltd. (青島港文化傳媒有限公司). He has served as deputy general manager of Hongyu Company (宏宇公司), head of Labour Union of Communications Branch (通信分公司), deputy director of publicity and education department of Qingdao Port Authority as well as deputy director and director of the political affairs department of QDP. Mr. MA has over 21 years of working experience in the port industry, and is experienced in managing large-scale port enterprises.

3. Independent Non-Executive Directors

Mr. WANG Yaping (王亞平), aged 52, is a bachelor in law of East China College of Political Science and Law (華東政法學院) (now known as East China University of Political Science and Law (華東政法大學)) and a second-grade lawyer. He has joined the Company since May 2014. He currently serves as an independent non-executive director of the Company, chairman of Remuneration Committee, member of Nomination Committee, a senior partner and deputy director of Shandong Qindao Law Office (山東琴島律師事務所) and a supervisor of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, with stock code 00168 and 600600 respectively). Mr. WANG was awarded as Outstanding Lawyer in Shandong province and in Qingdao city for several times.

Mr. CHAU Kwok Keung (鄒國強), aged 39, was graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration. He is a fellow member of the Association of Chartered Certified Accountants, a member of Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst of CFA Institute. He has joined the Company since May 2014. He currently serves as an independent non-executive director of the Company and chairman of Audit Committee, an executive director, chief financial officer and company secretary of Comtec Solar Systems Group Limited, the company listed on the Hong Kong Stock Exchange (Stock Code: 712) as well as an independent non-executive Director of The 9 Limited, a NASDAQ-listed company (Stock Code: NCTY). He has served as a deputy group financial controller of China South City Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1668), a qualified accountant, a chief financial officer, company secretary and authorized representative of China.com Inc. (now known as Sino Splendid Holdings Limited), a company listed on the Hong Kong Stock Exchange (Stock Code: 8006) and a member of the supervisory committee of RIB Software AG, a German software company listed on the Frankfurt Stock Exchange (Stock Code: RSTAG). Mr. CHAU is experienced in financial management and corporate management.

Mr. YANG Qiulin (楊秋林), aged 49, is a master of science in applied accounting and finance of Hong Kong Baptist University, a certified public accountant, a certified public assets appraiser and the Excellent Certified Public Accountant in Shandong province. He has joined the Company since September 2014. He currently serves as an independent non-executive director of the Company, member of Audit Committee, member of Nomination Committee, member of Remuneration Committee and deputy general manager of Qingdao Branch of Reanda Certified Public Accountants Co., Ltd. (利安達會計師事務所) (special general partnership). He has served as the deputy head of Shandong Dongfang Junhe Certified Public Accountants Co., Ltd. (山東東方君和會計師事務所), the financial general manager of Shandong Zhongyuan Investment Group Co., Ltd. (山東中苑投資集團) and the deputy general manager of Shandong Reanda Dongxin Certified Public Accountants Co., Ltd. (山東利安達東信會計師事務所有限公司). Mr. YANG has extensive knowledge and practical experience in financial management and capital management.

BIOGRAPHICAL DETAILS OF MEMBERS OF THE SUPERVISORY COMMITTEE OF THE COMPANY

1. Shareholder Representative Supervisors

Mr. FU Xinmin (付新民), aged 58, joined the Qingdao Port Authority (青島港務局), which is now the QDP, in November 1975, and has joined the Company since November 2013. He currently serves as the Chairman of the Supervisory Committee of the Company, secretary of the Disciplinary Committee of QDP, supervisor of Qingdao Passenger Liner Home Port Co., Ltd. (青島郵輪母港有限公司) and chairman of the supervisory committee of Qingdao Shihua. He has served as captain of the criminal investigation brigade, director of general office and head of labour union of the public security bureau of Qingdao Port Authority, head of the surveillance office of the Qingdao Port Authority, head of the supervision department, chief economist and head of the human resources department of QDP.

Mr. CHI Dianmou (遲殿謀), aged 58, is a postgraduate of Harbin Institute of Technology (哈爾濱工業大學) and a researcher of engineering application. He has joined the QDP since June 2012, and has joined the Company since November 2013. He currently serves as a Supervisor of the Company, vice president of QDP and a dirctor of Qingdao Passenger Liner Home Port Co., Ltd. (青島郵輪母港有限公司). He has served as manager of City Construction and Investment Center of Qingdao Municipal (青島市城市建設投資中心), deputy general manager of Qingdao City Construction and Investment Group Limited Company (青島城市建設投資(集團)有限責任公司), deputy director of the Qingdao Municipal Construction Commission (青島市建設委員會) and vice chairman and general manager of Qingdao Port Investment and Construction (Group) Co., Ltd. (青島港口投資建設(集團)有限責任公司).

2. Employee Representative Supervisors

Ms. XUE Qingxia (薛清霞), aged 52, is an accountant and was certified by China Institute of Internal Audit (中國內部審計協會) to be qualified for internal audit. She joined the Qingdao Port Authority (青島港務局), which is now the QDP, in July 1985, and has joined the Company since November 2013. She currently serves as a supervisor, deputy secretary of the Party Disciplinary Committee, head of the supervision department of the Company, the deputy secretary of the Party Disciplinary Committee of QDP, as well as supervisiong chairperson and supervisor of several subsidiaries and joint ventures of the Company. She has served as deputy manager of the finance department of Minggang Company (明港公司) of QDP, deputy manager of the accounting and finance department, deputy head of the supervision department and deputy director of the materials and equipment tender and procurement center of Xigang Company (西港公司) of QDP.

Ms. LIU Yuping (劉玉萍), aged 50, is a senior political engineer. She joined the Qingdao Port Authority (青島港務局), which is now the QDP, in December 1983, and has joined the Company since November 2013. She currently serves as a Supervisor and the deputy chairperson of the Labour Union of the Company as well as deputy chairperson of the labour union of QDP. She has served as chairperson of the labour union of Processing Plant (加工廠) of Qingdao Port Authority, deputy manager of Qingdao Port Tongda Industrial Co., Ltd. (青島港通達實業有限公司) and deputy chairperson of the labour union of Qingdao Port Authority.

3. Independent Supervisors

Mr. LI Xuxiu (李旭修), aged 49, is a postgraduate of Chinese Academy of Social Sciences (中國社會科學院), the Excellent Lawyer in China and an arbitrator of the China International Economic and Trade Arbitration Commission. He has joined the Company since September 2014. He currently serves as an independent supervisor of the Company, senior partner and director of Shandong Deheng Law Firm (山東德衡律師事務所), a vice chairman of the litigation and arbitration committee of the Lawyers Association of Shandong Province (山東省律師協會) and a member of the civil cases professional committee of the All-China Lawyers Association (中華全國律師協會). He has been a teacher at the Ocean University of China (中國海洋大學), a lawyer, partner and deputy director, senior partner and deputy director of Shandong Deheng Law Firm.

Mr. LIU Dengqing (劉登清), aged 45, is a doctorate in management studies of Tsinghua University. He has joined the Company since September 2014. He currently serves as an independent Supervisor of the Company, a partner, the president and chief appraiser of China Enterprise Appraisals Company, Inc. (北京中企華資產評估有限責任公司), an independent director of Harbin Electric Company Limited (哈爾濱電氣股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 01133), an independent director of China Spacesat Co. Ltd. (中國東方紅衛星股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600118), an independent director of Hengxin Mobile Business Co., Ltd. (恒信移動商務股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300081), a member of the 5th Merger and Reorganization Committee of CSRC, a project appraisal expert of financial institution state assets appraisal project of the Ministry of Finance (財政部) and a member of the Project Appraisal Expert Group of State-Owned Assets Supervision and Administration Commission of the State Council (SASAC). He used to be a member of the 10th and 11th Issuance Review Committee of CSRC, a member of the 4th Merger and Reorganization Committee of CSRC. Mr. LIU has extensive experience in assets appraisal and is a certified public valuer, a certified real estate appraiser and a certified mining rights appraiser of China. He is one of the first Top 10 Youth Appraisers in China.

BIOGRAPHICAL DETAILS OF THE SENIOR MANAGEMENT OF THE COMPANY

Mr. JIAO Guangjun (焦廣軍), the president of the Company, is one of the senior management. For his biographical details, please refer to "Executive Directors" section.

Ms. JIANG Chunfeng (姜春鳳), the vice president, chief financial officer and the head of the finance department of the Company, is one of the senior management. For her biographical details, please refer to "Executive Directors" section.

Mr. CHEN Fuxiang (陳福香), aged 49, is a bachelor in law of Renmin University of China (中國人民大學), a master in law of Dalian Maritime University (大連海事大學) and an economist and has been admitted as a lawyer of the PRC. He joined the Qingdao Port Authority (青島港務局), which is now the QDP, in July 1988, and has joined the Company since November 2013. He currently serves as the joint company secretary, board secretary and the director of the General Office of the Board of the Company. He has served as deputy director of the General Office and the director of the Research Office of the Qingdao Port Authority, deputy director of the General Office of QDP, secretary of the Party Committee of the Dagang Branch, secretary of the Party Committee and commissar of Qingdao Port Public Security Bureau and director of the General Office of QDP. Mr. CHEN has over 27 years of working experience in the port industry, and has extensive experience in large-scale port enterprise management.

The Board is pleased to present the annual report and the audited financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL BUSINESSES AND ACTIVITIES

The Group operates the following businesses through its branches, subsidiaries, joint ventures and associates: (i) container handling and ancillary services, (ii) metal ore, coal and other cargo handling and ancillary services, (iii) liquid bulk handling and ancillary services, (iv) logistics and port value-added services, (v) port ancillary services and (vi) financial services.

More details regarding the subsidiaries, joint ventures and associates are set out in Notes 13 and 39 to the financial statements respectively.

The performance of the Group's business segments for the year is set out in Note 5 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided on Management Discussion and Analysis and the Chairman's Statement of this annual report. Description of possible risks and uncertainties that the Group may be facing can be found on page 35 of this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year are provided on notes 41 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided on page 24 to 35 of this annual report.

In addition, further information of the Company's environmental policies, performance and initiatives can be found from page 38 of the management discussion and analysis of this annual report. Our Company' compliance with relevant laws and regulations which have a significant impact on the Group are provided in the section heading "compliance with laws and regulations" of this directors' report. An account of the Company's relationships with its key stakeholders are disclosed in the section heading "relationship with stakeholders" of this directors' report.

RESULTS AND FINAL DIVIDEND

The results of the Group for the year are set out in the consolidated income statement.

The Board has proposed the distribution of final dividend of RMB139.08 (tax inclusive) per 1,000 shares, totaling approximately RMB664.55 million (tax inclusive) which represents 40% of distributable profits attributable to shareholders of the Company for the year ended 31 December 2015. Such distribution plan will be implemented subject to approval at the 2015 annual general meeting.

SHARE CAPITAL

As at 31 December 2015, the Company had a total of 4,778,204,000 issued shares with a nominal value of RMB1.00 each, the shareholding structure of which is as follows:

Class	Number of shares	Percentage in the issued shares of the Company
Domestic shares	3,922,179,000	82.08%
H shares	856,025,000	17.92%
Total	4,778,204,000	100.00%

Changes in share capital of the Company during the year are set out in Note 28 to the financial statements.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Company's annual results and the financial statements of the Company for the year ended 31 December 2015.

RESERVES

Details of changes in reserves of the Group and the Company for the year are set out in the Consolidated Statement of Changes in Equity and Note 42 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the amount of reserves available for distribution of the Company was approximately RMB2,105 million, amounting to a total of approxiamtely RMB665 million, is to be proposed at the annual general meeting on 6 June 2016.

DONATIONS

During the year, the Company and its subsidiaries made external donations of approximately RMB10,000 (excluding personal donations of employees).

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2015 are set out in note 30 to the consolidated financial statements.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company raised a total of approximately HKD2,926 million, equivalent to approximately RMB2,326 million, by issuing H shares. After deducting the listing expenses of approximately RMB128 million, of which approximately RMB113 million was capitalised and deducted from the share premium, the net proceeds amounted to approximately RMB2,198 million. As at 31 December 2015, we invested RMB1,452 million of the proceeds from the Global Offering in the projects as disclosed in Prospectus and used RMB268 million to fund our working capital in the way exactly as disclosed in the Prospectus.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's major customers and suppliers accounted for the following percentages in the Group's revenue from sales of goods or rendering of services and purchases:

The largest customer as a percentage of the Group's revenue from sales of goods or rendering of services	Less than 10%
The top five customers as a percentage of the Group's revenue from sales of goods or rendering of services	Less than 25%
The largest supplier as a percentage of the Group's purchases	Less than 15%
The top five suppliers as a percentage of the Group's purchases	Less than 35%

None of the directors, supervisors, their respective associates or any shareholders of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in the above top five customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, machinery and equipment of the Group are set out in Note 18 to the financial statements.

INVESTMENT PROPERTIES

Details of investment properties of the Group for the year are set out in Note 19 to the financial statements.

DIRECTORS, SUPERVISORS AND THEIR CHANGES

As announced by the Company on 6 June 2015, upon approval by the annual general meeting of 2014 of the Company, Mr. WANG Shaoyun (王紹雲), the former non-executive Director of the Company, has resigned as a non-executive Director and a member of the Strategy and Development Committee under the Board as he has reached the retirement age, and Ms. JIANG Chunfeng (姜春鳳) has been appointed as an executive Director to fill such vacancy.

Save for the above, there was no other change in the directors and supervisors during the reporting period.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Information about directors, supervisors and senior management is set out in the section headed "Directors, Supervisors and Senior Management".

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all directors and supervisors for a term up to the date of convening the third annual general meeting since the establishment of the Company or which shall be terminated pursuant to relevant terms of respective contracts.

None of the directors and supervisors has entered into any service contract with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS'AND SUPERVISIONS'MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for service contracts, there were no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which none of the directors and supervisors of the Company or its connected entities had a material interest, whether directly or indirectly, as at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

The Company has received confirmation letters from directors, confirming that other than business of the Group, none of the directors holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group.

REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Remuneration of directors and supervisors of the Company is determined by general meetings based on their roles and duties.

Details of remuneration of directors, supervisors and the five highest paid individuals of the Company during the year are set out in Notes 10 and 43 to the financial statements.

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

So far as the directors are aware, as at 31 December 2015, none of the directors, supervisors or chief executives and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors are aware, as at 31 December 2015, the following person (other than the directors, supervisors and chief executives) had interest or short positions in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name	Class of Shares	Capacity/ Nature of interest	Number of shares held(1)	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %
QDP	Domestic shares	Beneficial owner(2)	3,522,179,000 (L)	73.71%	89.80%	—
Value Partners Group Limited	H shares	Interest in a controlled corporation(3)	119,297,000 (L)	2.50%	—	13.93%
Value Partners High-Dividend Stocks Fund	H shares	Beneficial owner(4)	77,225,000 (L)	1.62%	—	9.02%
Matthews International Capital Management, LLC	H shares	Investment Manager	51,617,000 (L)	1.08%	—	6.02%

Notes:

(1) The letter "L" denotes long position in such securities.

(2) QDP is wholly owned by the State-owned Assets Supervision and Administration Commission of Qingdao.

(3) Such shares of the Company are directly held by Value Partners Limited, which is wholly owned by Value Partner Hong Kong Limited; and Value Partners Hong Kong Limited is wholly owned by Value Partners Group Limited.

(4) Such shares of the Company are directly held by Value Partners High-Dividend Stocks Fund, as a controlled corporation of BNP Paribas Jersey Trust Corporation Limited as trustee of the C H Cheah Family Trust.

Save as disclosed above, as at 31 December 2015, none of the persons had interest or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company.

DEBENTURES IN ISSUE

The Company did not issue any debentures for the year ended 31 December 2015. On 16 March 2016, the Company issued the first tranche of the corporate bonds of 2016, details of which are set out on page 43 of this annual report.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or Supervisors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors and Supervisors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the year ended 31 December 2015.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement for the year ended 31 December 2015.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling Shareholder didn't pledge any of its shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended 31 December 2015.

SHARE OPTION SCHEME

As of 31 December 2015, the Company did not implement any share option scheme.

SUFFICIENCY OF PUBLIC FLOAT

The Hong Kong Stock Exchange has granted the Company a waiver that the minimum public float requirement under Rule 8.08(1) (a) be reduced and the minimum percentage of the Company's H shares from time to time held by the public to be reduced to 16.62%. Based on publicly available information and so far as the directors are aware, as at the date of this report, the Company had sufficient public float and the issued shares of the Company held by the public which is no less than 16.62%, and therefore in compliance with the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, the Company and any of its subsidiaries did not purchase, sell or redeem any of the listing securities of the Company.

PRE-EMPTIVE RIGHTS

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

EMPLOYEES, REMUNERATION AND PENSION SCHEME

Details of employees, remuneration policy and pension scheme of the Group are set out in Notes 10, 32 and 43 to the financial statements.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as of 31 December 2015.

NON-COMPETITION AGREEMENT AND UNDERTAKING

The Company has received a confirmation letter issued by QDP which confirms that it has complied with the Non-Competition Agreement and Undertaking entered into with the Group during the Reporting Period.

CONFIRMATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to implementation of sound corporate governance and has continued to improve and optimise its internal control system during the Reporting Period to safeguard shareholders' interests and enhance the value of the Company. The Company has adopted and complied with all applicable provisions as set out in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. For details of compliance with the Corporate Governance Code, please refer to the "Corporate Governance Report".

AUDITOR

This financial statements have been audited by PricewaterhouseCoopers who will retire at the conclusion of the forthcoming annual general meeting. The Company will propose a resolution to re-appoint PricewaterhouseCoopers as the Company's auditor at the forthcoming annual general meeting.

The Company has been engaging PricewaterhouseCoopers as the Company's auditor since the commencement of the preparation for itself going public on Hong Kong Stock Exchange.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Summary of the Company's connected persons

Connected Person	Connected Relationship
QDP	The controlling shareholder of the Company, currently holding 73.71% of the Company's total issued share capital.
China OST	The substantial shareholder with 16% equity interest in the Company's non-wholly owned subsidiary, Qingdao OST.
COSCO Group	The controlling shareholder of China OST and is therefore an associate of China OST.
Qingdao Finance	A connected subsidiary of the Company which is held as to 70% by the Company and the remaining 30% by QDP.
Qingdao Gangsheng	An associate of QDP, which is held as to 30% equity interest by QDP
Qingdao Shenzhouxing	An associate of China OST, belonging to COSCO Group and is also our joint venture in which the Company has 50% shareholding.
QWG Port Logistics	An associate of China OST, belonging to COSCO Group and is also our joint venture in which the Company has 23% shareholding.
Qingdao Ocean	An associate of China OST, belonging to COSCO Group
China Marine Bunker	An associate of China OST, belonging to COSCO Group
Qingdao United	An associate of China OST, belonging to COSCO Group and is also our joint venture in which the Company has 50% shareholding.
Qingdao Cargo	An associate of China OST, belonging to COSCO Group
COSCO Shipping	An associate of China OST, belonging to COSCO Group
COSCO Logistics	An associate of China OST, belonging to COSCO Group
China Ocean	An associate of China OST, belonging to COSCO Group
COSCO Container	An associate of China OST, belonging to COSCO Group

CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt connected transactions during the year. Unless otherwise defined, capitalized terms used herein shall have the same meaning ascribed to them in the relevant announcements.

(A) The North First Jetty Transfer Agreement

On 20 March 2015, Mercuria Logistics (the purchaser), a non-wholly-owned subsidiary of the Company and QDP Investment (the vendor), a wholly-owned subsidiary of QDP entered into the North First Jetty Transfer Agreement, pursuant to which, Mercuria Logistics has agreed to purchase, and QDP Investment has agreed to sell the North First Jetty Asset at a consideration of RMB113,256,800. The transaction in respect of the transfer of the North First Jetty Asset contemplated under the North First Jetty Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The North First Jetty Transfer Agreement and the transaction contemplated thereunder was resolved and approved by the Board and was proposed to the annual general meeting of the Company held on 6 June 2015 and obtained approval from the Independent Shareholders at this meeting. Details of the connected transaction are set out in the announcement dated 20 March 2015 and the circular dated 16 April 2015 of the Company.

(B) The Sea Area Use Right Transfer Agreement

On 20 March 2015, Mercuria Oil Terminal (the purchaser), a non-wholly-owned subsidiary of the Company and QDP Investment (the vendor), a wholly-owned subsidiary of QDP entered into the Sea Area Use Right Transfer Agreement, pursuant to which, Mercuria Oil Terminal has agreed to purchase, and QDP Investment has agreed to sell the Sea Area Use Right with a total maritime area of 246,720 square metre at a consideration of RMB27,579,800. The transaction in respect of the transfer of the Sea Area Use Right contemplated under the Sea Area Use Right Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Sea Area Use Right Transfer Agreement and the transaction contemplated thereunder was resolved and approved by the Board and was proposed to the annual general meeting of the Company held on 6 June 2015 and obtained approval from the Independent Shareholders at this meeting. Details of the connected transaction are set out in the announcement dated 20 March 2015 and the circular dated 16 April 2015 of the Company.

(C) The Production Equipment Transfer Agreement

On 20 March 2015, Mercuria Logistics (the purchaser), a non-wholly-owned subsidiary of the Company and QDP (the vendor), the controlling shareholder of the Company entered into the Production Equipment Transfer Agreement, pursuant to which, Mercuria Logistics has agreed to purchase, and QDP has agreed to sell the Production Equipment Asset at a consideration of RMB58,819,850. The transaction in respect of the transfer of the Production Equipment Asset contemplated under the Production Equipment Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Production Equipment Transfer Agreement and the transaction contemplated thereunder was resolved and approved by the Board and was proposed to the annual general meeting of the Company held on 6 June 2015 and obtained approval from the Independent Shareholders at this meeting. Details of the connected transaction are set out in the announcement dated 20 March 2015 and the circular dated 16 April 2015 of the Company.

(D) The QDP CTC Share Transfer Agreement

On 20 March 2015, QDI Cargo (the purchaser), a wholly-owned subsidiary of the Company and QDP Investment (the vendor), a wholly-owned subsidiary of QDP entered into the Share Transfer Agreement, pursuant to which, QDI Cargo has agreed to purchase, and QDP Investment has agreed to sell the entire equity interest in QDP CTC at a consideration of RMB15,312,000. The transaction in respect of the transfer of the entire equity interest in QDP CTC contemplated under the Share Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Share Transfer Agreement and the transaction contemplated thereunder was resolved and approved by the Board. Details of the connected transaction are set out in the announcement dated 20 March 2015 of the Company.

(E) The Gas Station Asset Transfer Agreement

On 20 March 2015, the Company (the purchaser) and QDP (the vendor), the controlling shareholder of the Company entered into the Gas Station Asset Transfer Agreement, pursuant to which, the Company has agreed to purchase, and QDP has agreed to sell the Gas Station Asset at a consideration of RMB9,800,700. The transaction in respect of the transfer of the Gas Station Asset contemplated under the Gas Station Asset Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Gas Station Asset Transfer Agreement and the transaction contemplated thereunder was resolved and approved by the Board. Details of the connected transaction are set out in the announcement dated 20 March 2015 of the Company.

(F) The Joint Venture Agreement

On 12 May 2015, the Company and QDP International Development entered into a joint venture agreement, pursuant to which the Company and QDP International Development have agreed to contribute US$7.5 million and USD2.5 million respectively for the purpose of the establishment of QDP Financial Leasing with a registered capital of US$10 million. The transaction contemplated under the joint venture agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The joint venture agreement and the transaction contemplated thereunder was resolved and approved by the Board. Details of the connected transaction are set out in the announcement dated 12 May 2015 of the Company.

(G) The QDP International Development Share Transfer Agreement

On 27 July 2015, the Company entered into the share transfer agreement with QDP, the controlling shareholder of the Company, in respect of the acquisition of the entire equity interest in QDP International Development, a wholly-owned subsidiary of QDP through the open tender process held at Qingdao Property Exchange with a consideration of RMB31.1796 million. The transaction contemplated under the share transfer agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The share transfer agreement and the transaction contemplated thereunder was resolved and approved by the Board. Details of the connected transaction are set out in the announcement dated 27 July 2015 of the Company.

CONTINUING CONNECTED TRANSACTIONS

(A) CONTINUING CONNECTED TRANSACTIONS WITH QDP

i Lease Framework Agreement

The Company entered into a lease framework agreement (the "Lease Framework Agreement") on 9 May 2014 in respect of the lease of certain assets which include, among other things, land, buildings, tugboats and structures from QDP and/or its subsidiaries to the Group. The Lease Framework Agreement is valid for a term commencing from its signing date and ending on 31 December 2016. Details for the Lease Framework Agreement, please refer to the Prospectus.

With the approval of the Board of the Company, the annual caps for Lease Framework Agreement in this year have been adjusted. Please refer to the announcement made by the Company dated 6 June 2015 titled Supplemental Agreement To The Original Asset Lease Agreement Entered Into Between The Company And QDP And Adjustments To Annual Caps For The Two Years Ending 2015 And 2016 Of Continuing Connected Transactions Under The Original Asset Lease Agreement.

ii General Framework Agreement

The Company entered into a general framework agreement with QDP and Qingdao Gangsheng on 9 May 2014, respectively. Pursuant to which, QDP and/or its subsidiaries provide a series of goods and services ("QDP General Services I"), and the Group provides a series of services to QDP and/or its subsidiaries ("QDP General Services II"). Qingdao Gangsheng provides certain goods and services ("Gangsheng General Services I"), and the Group provides certain goods and services to Qingdao Gangsheng("Gangsheng General Services II"). The agreement is valid for a term commencing from its signing dates and ending on 31 December 2016. Details for the said agreement, please refer to the Prospectus.

As Qingdao Gangsheng is an associate of QDP, and QDP General Services I is of the same nature as that of Gangsheng General Services I ("General Services I"), and QDP General Services II is of the same nature as that of Gangsheng General Services II ("General Services II"), QDP General Services I and Gangsheng General Services I shall be aggregated and QDP General Services II and Gangsheng General Services II shall be aggregated under the Listing Rules.

With the approval of the Board of the Company, the annual caps for QDP General Services I, Gangsheng General Services I, QDP General Services II, Gangsheng General Services II in this year have been adjusted, respectively. Please refer to the announcement made by the Company dated 29 December 2014 titled Adjustment to Annual Caps for Continuing Connected Transactions under QDP General Framework Agreement and Qingdao Gangsheng General Framework Agreement.

iii Financial Lease Framework

Qingdao Financial Leasing, a subsidiary of the Company and QDP entered into the Financial Lease Framework Agreement on 21 August 2015. Qingdao Financial Leasing has agreed to provide financial services to QDP and/or its subsidiaries. The Financial Lease Framework Agreement is valid for a term commencing from its signing date and ending on 31 December 2022. Please refer to the announcement made by the Company dated 21 August 2015 titled Financial Lease Framework Agreement.

(B) CONTINUING CONNECTED TRANSACTIONS WITH QINGDAO FINANCE

On 31 July 2014, Qingdao Finance entered into the Financial Services Framework Agreement with QDP and the Company, respectively, in relation to provision of deposit services, credit services and intermediary services from Qingdao Finance to QDP and/or its associates and the Group. The agreement is valid for a term commencing from its signing date and ending on 31 December 2016. Details for the agreement, please refer to the circular of the second extraordinary general meeting of 2014 of the Company dated 5 September 2014 and the poll results of the second extraordinary general meeting of 2014 dated 29 September 2014.

(C) CONTINUING CONNECTED TRANSACTIONS WITH COSCO GROUP

The Company entered into certain general goods and services agreements for provision of goods and services with each of Qingdao Shenzhouxing, QWG Port Logistics, Qingdao Ocean, China Marine Bunker, Qingdao United, Qingdao Cargo, COSCO Shipping, COSCO Logistics, China Ocean and COSCO Container (the "COSCO Associates") on 9 May 2014 (the agreement for provision of goods and services from the Group to the COSCO Associates is hereinafter referred to as the "COSCO General Framework Agreement I", and the agreement for provision of goods and services from the COSCO Associates to the Group is hereinafter referred to as the "COSCO General Framework Agreement II") for a term commencing from their signing dates and ending on 31 December 2016. Details for these agreements, please refer to the Prospectus.

As the COSCO Associates are associates of China OST, and each agreement in COSCO General Framework Agreement I is of the same nature and each agreement in COSCO General Framework Agreement II is of the same nature, each agreement in COSCO General Framework Agreement I shall be aggregated and each agreement in COSCO General Framework Agreement II shall be aggregated under the Listing Rules.

Annual caps and amounts for the above continuing connected transactions are as follows:

Unit: RMB'000

		Annual cap for 2015	Amount incurred in 2015
A.	Continuing connected transactions with QDP		
i	Lease Framework Agreement	100,000	83,421
ii	General Services Agreement		
	General Services I		
	Of which: QDP General Services I	70,000	23,254
	Gangsheng General Services I	2,000	1,145
Subtotal		72,000	24,399
	General Services II		
	Of which: QDP General Services II	320,000	198,413
	Gangsheng General Services II	2,000	919
Subtotal		322,000	199,332
iii	Financial Lease Framework	300,000	—
B.	Continuing connected transactions with Qingdao Finance		
i	Daily maximum balance deposited by the Group in Qingdao Finance (including accrued interest and commission fee)	5,000,000	3,470,949
ii	Daily maximum outstanding balance of the loans provided by Qingdao Finance to QDP and/or its associates (including accrued interest and commission fee)	1,000,000	173,592
C.	Continuing connected transactions with COSCO Group		
i	COSCO General Framework Agreement I	187,000	68,204
ii	COSCO General Framework Agreement II	474,000	242,432

(D) CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company's independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions are entered into:

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

(2) either on normal commercial terms, or, in the absence of similar transactions to judge whether the terms are normal commercial terms, on terms no less favourable to those adopted for transactions between the Group and independent third parties; and

(3) in accordance with the terms of such transaction agreements, which are in the interest of the Group and our Shareholders as a whole, and fair and reasonable; and

(4) do not exceed the annual cap amounts.

(E) CONFIRMATION FROM THE AUDITOR

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company as set out in pages 59 to 61 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified assurance report containing their conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Hong Kong Stock Exchange Listing Rules. The Company has provided a copy of the auditor's assurance report to the Hong Kong Stock Exchange.

(F) OTHERS

Except the above connected transactions, the Group did not enter into any other continuing connected transactions which should comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For certain material related party transactions disclosed in Note 38 to the financial statements which are also continuing connected transactions under Chapter 14A of the Listing Rules, the Company had made disclosure when required under the Listing Rules.

Pursuant to the relevant rules in Chapter 14A of the Listing Rule, since Qingdao OST is an "insignificant subsidiary" (i.e. the total assets, profits and revenue of Qingdao OST accounted for less than 10 % under the percentage ratios of that of the Group for each year during 2013 to 2015) of the Company under Rule 14A.09 of the Listing Rules currently in force, China OST, a substantial shareholder of Qingdao OST, and its associates, have no longer been the connected persons of the Company since 1 January 2016.

DESCRIPTION OF OTHER MATTERS

1. *Business relocation*

Dagang Port Area is planned to be transformed and upgraded into a mother port for cruise liners, thus the operations at Dagang Port Area will gradually be relocated to Dongjiakou Port Area and Qianwan Port Area. In 2015, the construction of the mother port for cruise liners had no effect on the operation of Dagang Branch.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area to Dongjiakou Port Area. As of the date of this report, we have not yet received any relocation plan or related notice and hence the operation of Huangdao Oil Port Area was not affected.

2. *Litigations*

Other than the litigations to which the Company was involved as disclosed in the announcements published on 28 July 2014, 15 August 2014 and 5 September 2014 respectively, the Group was not involved in any material litigation or arbitration during the Report Period.

The Company does not expect the aforesaid litigations and relevant judgments and orders to have an adverse impact on the Group's business and operations and does not consider that the aforesaid matters would constitute material contingent liabilities.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year under review, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognizes that our employees, customers and business associates are keys to our sustainability journey. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its employee health and safety management system and ensures the adoption of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations. Details of the employee care of the Company are set out on the page 38 of this annual report.

To enhance customer satisfaction and promote a customer-oriented culture within the Company, we take 'Customer First' as one of our core values. We value the feedback from customers through daily communication, regular inspections and etc. We have also established the mechanism about customer service, support and complaints. When dealing with a customer complaint, we treat it as an opportunity to improve our relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

We believe that our suppliers are equally important in driving quality delivery of our project developments. We proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable products and services. We have developed included certain requirements in our standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption and other business ethics. We assure the performance of our suppliers through supplier approval process and by conducting factory audits/site visits and spot checks on the delivered goods at site during the contractual periods.

By order of the Board
Zheng Minghui
Chairman

Qingdao, China
18 March 2016

In 2015, the Supervisory Committee of the Company maintained the interests of the Company and its shareholders by seriously undertaking its responsibilities and supervising the compliant operation, connected transactions and material investment projects of the Company in accordance with the Company Law of the PRC the Articles of Association and the Procedural Rules of the Supervisory Committee.

I. MEETINGS HELD BY THE SUPERVISORY COMMITTEE

During the year, the Supervisory Committee held two meetings, the details of which were as follow:

(1) On 20 March 2015, the Supervisory Committee held the sixth meeting of the first Supervisory Committee, in which Resolution on the annual report for 2014 of Qingdao Port International Co., Ltd., Resolution on the audited financial statements of Qingdao Port International Co, Ltd. for the year of 2014, Resolution on the profit distribution plan of Qingdao Port International Co, Ltd. for the year of 2014, Resolution on the work report of the supervisory committee of the Company for the year of 2014, and Resolution on the Approval of the 2015 Remuneration Plan for Supervisors of Qingdao Port International Co, Ltd. were approved.

(2) On 21 August 2015, the Supervisory Committee held the seventh meeting of the first Supervisory Committee, in which Resolution on the 2015 Interim Report of Qingdao Port International Co, Ltd. was approved.

For the year, the Supervisors also learned the decision-making process of major issues of the Company and legally exercised their power of supervision through sitting in such important meetings as the general meetings and the Board meetings.

II. INDEPENDENT ADVICES OF BOARD OF SUPERVISORS ON RELEVANT ISSUES

(i) Compliance Operation

During the Reporting Period, the Board held Board meetings and considered resolutions as well as convened and organized the general meeting and attended relevant meetings through undertaking their responsibilities and operating legally in accordance with laws and regulations as well as the Articles of Association. The Directors and senior management maintained the interests of the Company and its shareholders by acting diligently and responsibly in the management and operation of the Company.

(ii) The Inspection of Financial Conditions of the Company

The Supervisory Committee has supervised the financial condition of the Company for the year of 2015 effectively and is of the view that the Company has a sound financial system and a good financial condition. PricewaterhouseCoopers, the auditor of the Company, has audited the financial statements of the Company and issued an unqualified audit report. The Supervisory Committee has reviewed the audited financial reports for the year of 2015 and believes that these financial reports has fairly and truly reflected the financial and operating conditions of the Company.

(iii) Use of Proceeds Raised from the Global Offering

The proceeds from the Global Offering have been used strictly following the requirements set out in the Prospectus with standard procedures and without misusing the proceeds during the Reporting Period.

(iv) Connected Transactions

Connected transactions entered into during the Reporting Period have been complying with the requirements of the relevant connected transaction agreements, and are fair and reasonable to the Company and its shareholders without harming their interests.

(v) Major External Investments

Major investments made during the Reporting Period have been complying with the Articles of Association and the Management Rules on External Investment without harming the interests of the Company and its shareholders.

III. OUTLOOK AND PROSPECT FOR 2016

In 2016, the Supervisory Committee of the Company will continue to seriously fulfill their responsibilities as supervisors in accordance with laws and regulations, the Articles of Association and the regulatory rules to further enhance the compliant operation of the Company, ensure the sustainable and healthy development of the Company and maintain the legal interests of the Company, public shareholders and investors.

By Order of the Supervisory Committee
FU Xinmin
Chairman of the Supervisory Committee

Qingdao, China
18 March 2016

The Board is pleased to present the corporate governance report for the annual report of the Company for "Reporting Period".

The Board is committed to uphold a high standard of corporate governance practices in the belief that they are essential for maintaining and promoting investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to ensure high standards of corporate governance of the Company and meet the expectations of shareholders and other stakeholders.

The Company has been in compliance with the code provisions set out in the Corporate Governance Code in Appendix 14 of the Listing Rules during the Reporting Period.

I. THE BOARD

1. Composition of the Board

The Board currently comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Members of the Board of the Company are listed below:

Member of the Board	Position	Date of appointment
Mr. ZHENG Minghui (鄭明輝)	Chairman, executive Director	15 November 2013
Mr. CHENG Xinnong (成新農)	Vice Chairman, non-executive Director	15 November 2013
Mr. SUN Yafei (孫亞非)	Non-executive Director	15 November 2013
Mr. JIAO Guangjun (焦廣軍)	Executive Director, President	15 November 2013,
Mr. MA Baoliang (馬寶亮)	Non-executive Director	15 November 2013
Ms. Jiang Chunfeng (姜春鳳)	Executive Director, Vice President	6 June 2015
Mr. WANG Yaping (王亞平)	Independent non-executive Directors	8 May 2014
Mr. CHAU Kwok Keung (鄒國強)	Independent non-executive Directors	8 May 2014
Mr. YANG Qiulin (楊秋林)	Independent non-executive Directors	29 September 2014
Mr. WANG Shaoyun (王紹雲) (Note)	Non-executive Director	15 November 2013

Note: Mr. WANG Shaoyun (王紹雲) was appointed on 15 November 2013 and resigned on 6 June 2015.

The Directors are elected by the general meetings and will hold offices until the annual general meeting for the year 2015 to be held in 2016. The Directors are subject to re-election for successive re-appointment when their directorships expire.

Biography of each Director is set out in the section headed "Directors, Supervisors and Senior Management". In addition, the list setting out the name, responsibility and function of each Director has been published on (the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com).

The Directors have no financial, business, family or other material/relevant relationships with each other.

Chairman and President

The posts of Chairman and President of the Company are segregated and held by different persons to ensure their respective independence of responsibility and accountability and the balance and restriction of power and authority between them. The Chairman, Mr. ZHENG Minghui, plays a critical role in leading the Board, ensuring that the Board is functioning properly and with well-formulated corporate governance practices and procedures, whilst Mr. JIAO Guangjun, the President, is mainly responsible for the day-to-day management of the Company's operations, including being in charge of the production and operation management of the Company, organizing the enforcement of resolutions of the Board and coordinating overall business operations.

Responsibilities of the Board and Management

The Board is responsible to all shareholders and mainly responsible for determining the operating plans and investment projects of the Company, managing the disclosure of the Company's information, attending to the regular or irregular work report of the President and review the work of the President, and determining such matters as the external investments, asset purchase and sale and pledge of assets within the scope authorized by the general meetings.

Under the leadership of the President (who is also an executive Director), the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management. In order to ensure the effective operation of the Company, the management submits an operation report of the Company to the Board each month, which enables the Board to monitor the operation situation of the Company in time and to assess and supervise the management. Meanwhile, the management also communicates with the Board in formal and informal manners in respect of the issues related to the operation and business of the Company and provides sufficient information at appropriate time to allow the Board to make decisions with sufficient background information, which enhence the decision-making efficiency and quality of the Board.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and (2) of the Listing Rules, two of whom own accounting and financial management expertise and the other one owns expertise in law. The number of independent non-executive Directors accounts for one-third of the number of the Board members.

According to the Rule 3.13 of Listing Rules, the independent non-executive Directors of the Company have made confirmations to the Company regarding their independence during the Reporting Period. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for the Directors and Supervisors to conduct securities transactions. After making specific enquiry to all Directors and Supervisors, all Directors and Supervisors confirmed that they have fully complied with the required standard set out in the Model Code during the period from 1 January 2015/their respective appointment dates to 31 December 2015.

Training and Continuous Professional Development of Directors

On 6 June 2015, the newly appointed Director Ms. JIANG Chunfeng (姜春鳳), and other Directors, Supervisors and members of senior management received trainings provided by Freshfields Bruckhaus Deringer, our legal adviser for Hong Kong law in relation to the "Regulatory trend of SFC and recent changes in the Listing Rules and other legal and regulatory developments".

The Joint Company Secretaries provides Directors with information such as the latest amendments to the Listing Rules and other applicable regulatory requirements, cases of Hong Kong listed companies, production and operation situations of the Company from time to time to allow them to learn the Company's information in time and fulfill their responsibilities.

The Directors get continuing professional development through participating in specific trainings, seminars, forums and reading publications on economy and securities to update their knowledge and technique, which will enable them to make continuous contributions to the Company with comprehensive knowledge and technique.

Liability Insurance of Directors, Supervisors and Members of Senior Management

The Company has been placing most great emphasis on risk prevention of the Directors' liability, thus the Company has purchased insurances for all Directors, Supervisors and members of senior management to minimize risks that may be incurred in their normal performance of responsibilities.

Directors' Responsibility on Financial Statements

The Directors are responsible for the preparation of the financial statements for the year ended 31 December 2015 that give a true and fair view of the affairs of the Company and the Group and the results and cash flow of the Group.

2. Board Meetings and General Meetings

During the year, the Company held four Board meetings and one general meeting in total. The attendance of the above meetings by each Director is as follows:

Name of Directors	No. of Board Meetings Attended During the Tenure	Attendance Rate	No. of General Meetings Attended During the Tenure	Attendance Rate
Mr. ZHENG Minghui (鄭明輝)	4/4	100%	1/1	100%
Mr. CHENG Xinnong (成新農)	4/4	100%	1/1	100%
Mr. SUN Yafei (孫亞非)	4/4	100%	1/1	100%
Mr. WANG Shaoyun (王紹雲) (Note 1)	2/2	100%	1/1	100%
Mr. JIAO Guangjun (焦廣軍)	4/4	100%	1/1	100%
Mr. MA Baoliang (馬寶亮)	4/4	100%	1/1	100%
Ms. JIANG Chunfeng (姜春鳳) (Note 2)	2/2	100%	N/A	N/A
Mr. WANG Yaping (王亞平)	4/4	100%	1/1	100%
Mr. CHAU Kwok Keung (鄒國強)	4/4	100%	1/1	100%
Mr. YANG Qiulin (楊秋林)	4/4	100%	1/1	100%

Note 1: WANG Shaoyun (王紹雲) resigned on 6 June 2015. The Company held two Board meetings and one general meeting from 1 January 2015 to 6 June 2015.

Note 2: Ms. JIANG Chunfeng (姜春鳳) was appointed on 6 June 2015. The Company held two Board meetings and did not hold any general meeting from the date of her appointment up to 31 December 2015.

Notices for all regular Board meeting and the agenda and accompanying Board paper will be given to all Directors at least fourteen days before the meetings and in order that they have sufficient time to review the papers. Minutes of each Board meeting are circulated to all Directors for perusal. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

II. SPECIAL COMMITTEES OF BOARD

The Board established four special committees, namely Strategy and Development Committee, Audit Committee, Remuneration Committee and Nomination Committee.

1. Strategy and Development Committee

The Strategy and Development Committee consists of six Directors, namely Mr. ZHENG Minghui (鄭明輝), Mr. CHENG Xinnong (成新農), Mr. SUN Yafei (孫亞非), Mr. JIAO Guangjun (焦廣軍), Mr. MA Baoliang (馬寶亮) and Ms. JIANG Chunfeng (姜春鳳). Mr. ZHENG Minghui (鄭明輝) serves as the chairman of the Strategy and Development Committee.

The primary responsibility of the Strategy and Development Committee is to review the overall development and strategic plans of the Company, the major investment and financing proposals of the Company and other issues that are material to the development of the Company, and to make recommendations to the Board. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Strategy and Development Committee held three meetings, in which general mandate to issue shares and general mandate to issue the debt financing instruments of the Company, the investment budget plan of the Company for 2015, the implementation of the Company's operation plan for 2015 and the Company's operation plan for 2016 were approved respectively and recommendations were made to the Board.

The attendance of the meetings by each member is as follows:

Name of Members	No. of Meetings Attended	Attendance rate
Mr. ZHENG Minghui (鄭明輝) (Chairman)	3/3	100%
Mr. CHENG Xinnong (成新農)	3/3	100%
Mr. SUN Yafei (孫亞非)	3/3	100%
Mr. WANG Shaoyun (王紹雲) (Note 1)	1/1	100%
Mr. JIAO Guangjun (焦廣軍)	3/3	100%
Mr. MA Baoliang (馬寶亮)	3/3	100%
Ms. JIANG Chunfeng (姜春鳳) (Note 2)	2/2	100%

Note 1: Mr. WANG Shaoyun (王紹雲) resigned on 6 June 2015. The Company held one Strategy and Development Committee meeting from 1 January 2015 to 6 June 2015.

Note 2: Ms. JIANG Chunfeng (姜春鳳) was appointed on 6 June 2015. The Company held two Strategy and Development Committee meetings from the date of her appointment up to 31 December 2015.

2. Audit Committee

The Audit Committee consists of three Directors, namely Mr. SUN Yafei (孫亞非), Mr. CHAU Kwok Keung (鄒國強) and Mr. YANG Qiulin (楊秋林), of which Mr. CHAU Kwok Keung (鄒國強) and Mr. YANG Qiulin (楊秋林) are both independent non-executive Directors. Mr. CHAU Kwok Keung (鄒國強), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary responsibility of the Audit Committee is to review the financial information of the Company and its disclosure, oversee the financial operation status, risk management and internal control procedures of the Company, propose the appointment of external auditors and monitor their relationship with the Company and maintain close communication between the Company and its management with external auditors. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Audit Committee held three meetings, in which the Company's annual results announcement, annual report, and audited financial statements for 2014, the investment budget plan of the Company for 2015, and interim results announcement and interim report for 2015 were approved and recommendations were made to the Board. In addition, the Audit Committee discussed with the external auditors in respect of the Company's annual audit plan for 2015.

The attendance of the meetings by each member is as follows:

Name of Members	No. of Meetings Attended During the Tenure	Attendance rate
Mr. CHAU Kwok Keung (鄒國強) (Chairman)	3/3	100%
Mr. SUN Yafei (孫亞非)	3/3	100%
Mr. YANG Qiulin (楊秋林)	3/3	100%

Representatives of the external auditors attended all the audit committee meetings held in 2015.

3. Remuneration Committee

The Remuneration Committee consists of three Directors, namely Mr. WANG Yaping (王亞平), CHENG Xinnong (成新農) and Mr. YANG Qiulin (楊秋林), of which Mr. WANG Yaping (王亞平) and Mr. YANG Qiulin (楊秋林) are both independent non-executive Directors. Mr. WANG Yaping (王亞平) serves as the chairman of the Remuneration Committee.

The primary responsibility of the Remuneration Committee is to consider the remuneration structures and policies for all Directors and senior management of the Company, establish formal and transparent procedures to devise such remuneration policies and formulate the remuneration packages of Directors and members of senior management, as well as make recommendations to the Board. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee held one meeting, in which the remuneration plan of the Directors and senior management for 2015 was approved.

The attendance of the meetings by each member is as follows:

Name of Members	No. of Meetings Attended During the Tenure	Attendance rate
Mr. WANG Yaping (王亞平) (Chairman)	1/1	100%
Mr. CHENG Xinnong (成新農)	1/1	100%
Mr. YANG Qiulin (楊秋林)	1/1	100%

Pursuant to the code B.1.5 of the Corporate Governance Code under in Appedix 14 of the Listing Rules, the following table sets forth the remuneration of the Directors, supervisors and members of senior management categorized by remuneration group for the year ended 31 December 2015:

Group (Note)	Remuneration (RMB)	Numbers of Individuals
1	0-500,000	14
2	500,000-1,000,000	3

Note:

Group 1 includes 9 Directors and 5 supervisors of the Company.

Group 2 includes 1 senior management member, 1 Director and 1 Supervisor of the Company.

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules are set out in Notes 9, 10 and 43 to the financial statements for the year.

4. Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. ZHENG Minghui (鄭明輝), Mr. WANG Yaping (王亞平) and Mr. YANG Qiulin (楊秋林), of which Mr. WANG Yaping (王亞平) and Mr. YANG Qiulin (楊秋林) are both independent non-executive Directors. Mr. ZHENG Minghui (鄭明輝) serves as the chairman of the Nomination Committee.

The primary responsibility of the nomination Committee is to develop standards and procedures for the election of the Board members and members of the senior management, and make recommendations to the Board; review the structure, number, composition and membership diversity of the Board and its committees, and make appropriate recommendations for adjustments made to the Board in line with the corporate strategies of the Company; and propose to the Board candidates for Directors, President, Vice President, Chief Financial Officer and Secretary to the Board. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee held one meeting, in which the nomination of Ms. JIANG Chunfeng (姜春鳳) as an executive Director and vice president was approved and recommendations were made to the Board.

The attendance of the meetings by each member is as follow:

Name of Members	No. of Meetings Attended During the Tenure	Attendance rate
Mr. ZHENG Minghui (鄭明輝) (Chairman)	1/1	100%
Mr. WANG Yaping (王亞平)	1/1	100%
Mr. YANG Qiulin (楊秋林)	1/1	100%

The Board formulated and adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

III. SUPERVISORY COMMITTEE

The supervisory committee consists of six Supervisors, including two shareholder representative Supervisors, two employee representative Supervisors and two independent Supervisors. The members of the supervisory committee of the Company are listed below:

Member of the supervisory committee	Position	Date of appointment
Mr. FU Xinmin (付新民)	Chairman of the Supervisory Committee, shareholder representative Supervisor	15 November 2013
Mr. CHI Dianmou (遲殿謀)	Shareholder representative Supervisor	15 November 2013
Ms. XUE Qingxia (薛清霞)	Employee representative Supervisor	15 November 2013
Ms. LIU Yuping (劉玉萍)	Employee representative Supervisor	29 September 2014
Mr. LI Xuxiu (李旭修)	Independent Supervisor	29 September 2014
Mr. LIU Dengqing (劉登清)	Independent Supervisor	29 September 2014

Shareholder representative Supervisors and independent Supervisors are elected and removed at the general meeting, while employee representative Supervisors are democratically elected or replaced at the staff representative assembly. Each supervisor will hold offices until the annual general meeting for the year 2015 to be held in 2016, and is subject to re-election for successive re-appointment when his/her tenure expires.

Biography of each supervisor is set out in the section headed "Directors, Supervisors and Senior Management".

During the Reporting Period, the supervisory committee held two meetings in total. The attendance of the meetings by each supervisor is as follows:

Name of Supervisors	No. of Meetings of the Supervisory Committee Attended During the Tenure	Attendance rate	No. of General Meetings Attended During the Tenure	Attendance rate
Mr. FU Xinmin (付新民) (chairman of the Supervisory Committee)	2/2	100%	1/1	100%
Mr. CHI Dianmou (遲殿謀)	2/2	100%	1/1	100%
Ms. XUE Qingxia (薛清霞)	2/2	100%	1/1	100%
Ms. LIU Yuping (劉玉萍)	2/2	100%	1/1	100%
Mr. LI Xuxiu (李旭修)	2/2	100%	1/1	100%
Mr. LIU Dengqing (劉登清)	2/2	100%	1/1	100%

The performance of responsibilities by the Supervisory Committee is set out under the section headed “Supervisors' Report”.

IV. CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board of Directors;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

V. JOINT COMPANY SECRETARIES

During the Reporting Period, the Joint Company Secretaries of the Company, Mr. CHEN Fuxiang and Ms. LAI Siu Kuen, a senior manager of KCS Hong Kong Limited (a company secretarial service provider), had complied with the requirements on taking no less than 15 hours of relevant professional training as set out in Rule 3.29 of the Listing Rules. Mr. CHEN and Ms. LAI also actively participate in studies and update their professional knowledge related to the Listing Rules and corporate governance to continuously improve their professional skills as the Company Secretaries. The primary contact person at the Company is Mr. Chen Fuxiang, one of the Joint Company Secretaries of the Company.

VI. AUDITOR

Financial statements contained in this report have been audited by PricewaterhouseCoopers. Service fees which shall be paid by the Company to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for the year amount to RMB7.43 million (value added tax and other related tax included).

Services	**Fees Payable (RMB)**
Audit service	7,415,000
Scrutinising vote-taking service at the general meeting	10,000
Total	7,425,000

VII. RISK MANAGEMENT AND INTERNAL CONTROL

The Company is committed to establishing high level internal control system to safeguard the Company's assets and shareholders' investment. The Board is responsible for reliable and effective operation of the risk management and internal control systems and has conducted an annual review which covers all material controls, including financial, operational and compliance controls, they believe that risk management and internal control systems are effective and adequate. The Company has adopted the following measures in order to establish effective internal control:

1. Compliance Control

The Company has established a set of Corporate Governance Mechanism to promote compliance operation of the general meetings, the Supervisory Committee and the Board. The Company is also complied with the requirements of the Listing Rules, SFO and the Guidelines on Disclosure of Inside Information that it regulates information disclosure matters. The Company has appointed compliance advisor pursuant to Rules 3A.19 of the Listing Rules, and the Company has seek advices from its compliance adviser before publishing announcement, circular and regular report. The Company continues to strengthen connected transaction management, increase frequency of regular review for continuing connected transactions and perform related approval and disclosure obligations according to the requirements of the Listing Rules.

2. Operation Control

The Company adjusts development initiatives timely by observing and evaluating the market in relation to business, changes of operation and economic environment, in order to reduce market risk. The Company has established hierarchy control and approval mechanism for rate and impawning supervision to strengthen control through the whole process. The Company implements centralized procurement management, strictly inspects the procurement process of large-scale equipment and bulk goods and services to prevent procurement risk. The Company formulates a set of system on contract management, seal management and authorization management to strengthen contract risk control. The Company has also established safety accountability system and safety management system to safeguard the safety in production and operation of ports.

3. Investment Control

The Company has implemented centralized procedures of examination and approval on external investments of the Company itself and its subsidiaries, and established a set of management process, ranging from project screening, decision and approval and risk control to disposal of investment. In the view that the Company has many joint venture companies, the Company has also set up specialized management system for joint ventures companies.

4. Finance Control

The Company has established a series of financial management measures, including business outsourcing, fixed assets leasing, insurance services, receivables, financing management and notes management, etc. to effectively prevent and reduce finance risk. The Company has implemented comprehensive budget management and promoted budget's process control, which provide quantitative index of finance and operation for the Board and management. The Company implemented a centralized appointment and regular rotation system for financial personnel management, and the Company implemented material matters real time reporting system for delegate units and strengthened centralized control. The Audit Committee communicates with auditors regularly to review the interim report and annual report, as well as supervise the financial operation. The Company also pays high attention to the job qualifications and professional integrity of accounting and financial personnel, and the Company takes full consideration of resources and budget of continuous trainings. The Board has also reviewed and satisfied with the Group's resources, staff qualification and experience on accounting and financial ability, and the training programs received by staffs and such budget are sufficient.

5. Internal Audit Control

The Company establishes a supervision department with corresponding supervision and audit responsibility, and the Company provides qualified designated personnel to assist the audit committee and supervisory committee to review and supervise the factuality, legitimacy and efficiency for the Group's financial revenues, financial budget, asset quality, operation performance, construction projects and related economic activities, so as to strengthen internal control and risk management.

VIII. INVESTOR RELATIONS

1. General Meetings and Shareholder's Rights

The Company is committed to maintaining communication with shareholders. Shareholders are encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

The general meetings of the Company are divided into annual general meetings and extraordinary general meeting; and general meetings of the shareholders and class shareholder's meetings.

The annual general meeting is convened once a year within six months after the end of last fiscal year. The extraordinary general meeting is convened irregularly. In accordance with the Articles of Association, an extraordinary general meeting shall be convened on the requisition of two or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified of any business specified in such requisition. The Board of the Company shall as soon as possible proceed to convene the extraordinary general meeting or a class shareholder's meeting after receiving the above written requisition.

The Company shall publish an announcement and issue the written notice of convening a general meeting forty-five days prior to the general meeting, which specifies the matters to be considered and date and venue of the meeting. Shareholders who individually or jointly hold more than 3% of the shares of the Company are entitled to submit a temporary proposal to the Board in writing 10 days before the general meeting; the Board shall issue a supplemental notice of the general meeting within 2 days upon receiving the proposal and publish an announcement for the extraordinary proposals. The proposals shall be within the scope of authority of the shareholders' meeting, and shall have clear object and detailed agenda items, and shall comply with laws, administrative regulations and the Articles of Association.

Directors, Supervisors and Joint Company Secretaries of the Company are present at the general meetings, while President, Chief Financial Officer and external auditor of the Company attend general meetings as non-voting attendees to respond to shareholders' questions in relation to proposed resolutions seeking approval at the meetings. The circular containing information relating to the general meetings will be dispatched to all the shareholders before the convening of the shareholders' general meeting as required.

Minutes of meetings of the general meetings are kept in the Company. A shareholder shall be entitled to inspect copies of minutes of meetings free of charge during office hours of the Company or pay reasonable fees to the Company in order to obtain copies of minutes of meetings.

On the shareholders' annual general meeting of the Company held on 6 June 2015, the Chairman demanded that all resolutions to be passed by poll and had explained the procedures for voting at the meeting. At the meeting, the resolutions regarding amendments to the articles of association, the annual report for 2014, as well as connected transactions in connection with QDP were considered and approved. For the details, please refer to the announcement on the poll results dated 6 June 2015 of the Company.

2. Amendments of Constitutional Document

The Company made amendments to Articles of Association at the annual general meeting held on 6 June 2015, the revised version subsisting at the date of this report. The prevailing Articles of Association has been published on the websites of the Company and the Hong Kong Stock Exchange.

3. Information Disclosure

The Company insists the principles of sufficiency, compliance, equality of opportunity, honest and trustworthy, focusing on efficiency and interactive communication, and disclosures the Company's information in a timely and precise manner according to the requirements of the Listing Rules.

To promote effective communication, the Company also publishes information such as latest announcement and business development of the Group in a timely manner on the Company's website, through which shareholders and investors can grasp the latest business condition and dynamic condition of the Company at the first time.

4. Investor Relations Management

The Company pays much attention to the management work of investor relations, and regards investor relations as an important aspect of corporate governance. The Company has established Investor Relations Management System, with secretary of the Board being responsible for the overall coordination and arrangement of the management work of investor relations, and general office of the Board being responsible for specific implementation. The Company is committed to setting up an efficient communication bridge between management and investors.

Since the listing of the Company in this year, in order to allow investors fully understand the results performance, operation strategy and development prospect of the Company, the Company has held various activities, including interim results conference, interim results road show, analysts on-site meeting, site visit and teleconference etc., through which the Company has deep communication with investors and related person.

Furthermore, the office of the Board reports investors' perception of the Company and relevant development to the management regularly, so that the management can understand the concerns of investors and the changes of relevant policies and requirements in time, thus improving its work on investor relations.

The Company considers the management of investor relations as a long-term systematic project. Looking forward, the Company will continuously review and improve its investor relations at appropriate time in accordance with the regulatory requirements of the Hong Kong Stock Exchange, the development trend of the capital market and investors' expectation, keep contact with domestic and oversea investors and maintain a good image in the capital market.

Shareholders and investors of the Company may send their enquiries and concerns to the Company by addressing them to the office of the Board. The contact details are as follows:

Office of the Board
Tel: 86532-82982011
E-mail: qggj@qdport.com
Address: 58 Ganghuan Road, City North District, Qingdao, Shandong Province, People's Republic of China.

羅兵咸永道

TO THE SHAREHOLDERS OF
QINGDAO PORT INTERNATIONAL CO., LTD.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Qingdao Port International Co., Ltd. (the "Company") and its subsidiaries set out on pages 81 to 184, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Revenue	5	**7,369,238**	6,907,937
Cost of sales	9	**(5,376,235)**	(4,964,463)
Gross profit		**1,993,003**	1,943,474
Other income	6	**298,487**	127,536
Selling and administrative expenses	9	**(646,389)**	(679,983)
Other gains - net	7	**12,880**	25,092
Operating profit		**1,657,981**	1,416,119
Finance costs	11	**(42,661)**	(11,700)
Gain from disposal of a joint venture	8	**153,157**	—
Share of post-tax profit of joint ventures	13(a)	**673,442**	611,033
Share of post-tax profit of an associate	13(b)	**1,148**	895
Profit before income tax		**2,443,067**	2,016,347
Income tax expenses	14	**(471,059)**	(395,502)
Profit for the year		**1,972,008**	1,620,845
Attributable to:			
– Owners of the Company		**1,904,788**	1,585,336
– Non-controlling interests		**67,220**	35,509
		1,972,008	1,620,845
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
– basic and diluted	15	**0.40**	0.36

The notes on pages 89 to 184 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Profit for the year		**1,972,008**	1,620,845
Other comprehensive expenses:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of employee benefit obligations	32(b)	**(129,360)**	(171,490)
Total comprehensive income for the year		**1,842,648**	1,449,355
Attributable to:			
– Owners of the Company		**1,775,014**	1,414,251
– Non-controlling interests		**67,634**	35,104
		1,842,648	1,449,355

The notes on pages 89 to 184 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
ASSETS			
Non-current assets			
Land use rights	17	**778,194**	751,859
Property, plant and equipment	18	**11,767,904**	10,686,994
Investment properties	19	**119,190**	220,994
Goodwill		**18,837**	18,837
Intangible assets	20	**78,572**	74,412
Investments in joint ventures	13(a)	**4,692,199**	4,448,192
Investment in an associate	13(b)	**5,841**	5,472
Available-for-sale financial assets	22	**72,208**	72,208
Deferred income tax assets	34	**857,290**	888,267
Trade and other receivables	23	**1,944,023**	335,672
		20,334,258	17,502,907
Current assets			
Inventories	24	**91,083**	159,157
Trade and other receivables	23	**3,032,766**	2,734,136
Amounts due from customers for contract work	25	**257,037**	41,088
Financial assets at fair value through profit or loss	27	**200,000**	—
Restricted bank deposits	26	**434,144**	874,552
Term deposits with initial term of over three months	26	**2,361,578**	2,013,248
Cash and cash equivalents	26	**4,760,409**	4,534,822
		11,137,017	10,357,003
Asset classified as held for sale		**—**	486,127
		11,137,017	10,843,130
Total assets		**31,471,275**	28,346,037
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	**4,778,204**	4,778,204
Share premium	28	**9,269,751**	9,269,751
Other reserves	29	**(3,899,319)**	(3,949,357)
Retained earnings		**2,299,431**	1,533,486
		12,448,067	11,632,084
Non-controlling interests		**883,455**	801,405
Total equity		**13,331,522**	12,433,489

	Note	2015 RMB'000	2014 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Trade and other payables	33	**547,041**	55,618
Borrowings	30	**160,721**	82,011
Deferred income	31	**3,643,363**	3,848,290
Early retirement and supplemental benefit obligations	32	**2,846,430**	2,757,150
		7,197,555	6,743,069
Current liabilities			
Trade and other payables	33	**10,219,099**	8,675,322
Current income tax liabilities		**57,553**	45,561
Borrowings	30	**331,575**	106,250
Deferred income	31	**207,171**	211,086
Early retirement and supplemental benefit obligations	32	**126,800**	131,260
		10,942,198	9,169,479
Total liabilities		**18,139,753**	15,912,548
Total equity and liabilities		**31,471,275**	28,346,037

The notes on pages 89 to 184 are an integral part of these consolidated financial statements.

The financial statements on pages 81 to 184 were approved by the Board of Directors on 18 March 2016 and were signed on its behalf.

ZHENG Minghui **JIANG Chunfeng**

For the year ended 31 December 2015

	Note	Equity attributable to owners of the Company								
		Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	General reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014, as previously reported		4,000,000	7,835,866	(3,414,727)	11,508	–	112,452	8,545,099	23,948	8,569,047
Predecessor accounting for common control combination of Qingdao City Qingdao Port Commodity Trading Center Co., Ltd. ("Commodity Trading Center")	2.1	–	–	20,000	–	–	(3,775)	16,225	–	16,225
At 1 January 2014, as restated		4,000,000	7,835,866	(3,394,727)	11,508	–	108,677	8,561,324	23,948	8,585,272
Profit for the year, as restated		–	–	–	–	–	1,585,336	1,585,336	35,509	1,620,845
Other comprehensive expenses										
– Remeasurement of employee benefit obligations	32	–	–	(171,085)	–	–	–	(171,085)	(405)	(171,490)
Total comprehensive income/(expenses)		–	–	(171,085)	–	–	1,585,336	1,414,251	35,104	1,449,355
Issue of new shares		778,204	1,547,307	–	–	–	–	2,325,511	–	2,325,511
Shares issue expenses		–	(113,422)	–	–	–	–	(113,422)	–	(113,422)
Recognition of deferred income tax asset in respect of revaluation surplus associated with a joint venture classified as held for sale	34	–	–	11,825	–	–	–	11,825	–	11,825
Non-controlling interests from business combination		–	–	–	–	–	–	–	414,703	414,703
Capital contribution from non-controlling interests of subsidiaries		–	–	–	–	–	–	–	341,990	341,990
Distribution to QDP for the transfer of two multi-purpose berths (the "Dongjiakou Operation II")	36(a)	–	–	(567,955)	–	–	–	(567,955)	–	(567,955)
Appropriation to statutory reserve fund	29(b)	–	–	–	127,420	–	(127,420)	–	–	–
Appropriation to general reserves	29(c)	–	–	–	–	33,107	(33,107)	–	–	–
Dividends	16	–	–	–	–	–	–	–	(13,872)	(13,872)
Others		–	–	550	–	–	–	550	(468)	82
Total transactions with owners in their capacity as owners, recognised directly in equity		778,204	1,433,885	(555,580)	127,420	33,107	(160,527)	1,656,509	742,353	2,398,862
At 31 December 2014, as restated		4,778,204	9,269,751	(4,121,392)	138,928	33,107	1,533,486	11,632,084	801,405	12,433,489

		Equity attributable to owners of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	General reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015, as restated		4,778,204	9,269,751	(4,121,392)	138,928	33,107	1,533,486	11,632,084	801,405	12,433,489
Profit for the year		–	–	–	–	–	1,904,788	1,904,788	67,220	1,972,008
Other comprehensive expenses										
–Remeasurement of employee benefit obligations	32	–	–	(129,774)	–	–	–	(129,774)	414	(129,360)
Total comprehensive income/(expenses)		–	–	(129,774)	–	–	1,904,788	1,775,014	67,634	1,842,648
Capital contribution from non-controlling interests of subsidiaries		–	–	–	–	–	–	–	38,150	38,150
Distribution to QDP for the transfer of Commodity Trading Center	36(b)	–	–	(15,312)	–	–	–	(15,312)	–	(15,312)
Appropriation to statutory reserve fund	29(b)	–	–	–	148,077	–	(148,077)	–	–	–
Appropriation to general reserves	29(c)	–	–	–	–	44,563	(44,563)	–	–	–
Dividends	16	–	–	–	–	–	(946,203)	(946,203)	(24,080)	(970,283)
Others		–	–	2,484	–	–	–	2,484	346	2,830
Total transactions with owners in their capacity as owners, recognised directly in equity		–	–	(12,828)	148,077	44,563	(1,138,843)	(959,031)	14,416	(944,615)
At 31 December 2015		4,778,204	9,269,751	(4,263,994)	287,005	77,670	2,299,431	12,448,067	883,455	13,331,522

The notes on pages 89 to 184 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Cash flows from operating activities			
Cash generated from operations	35(a)	**1,857,243**	1,144,371
Income tax paid		**(428,090)**	(345,580)
Net cash generated from operating activities		**1,429,153**	798,791
Cash flows from investing activities			
Investments in joint ventures		**(96,850)**	(574,941)
Purchases of property, plant and equipment, land use rights and intangible assets		**(2,081,144)**	(587,167)
Payments on behalf of related parties		**(223,611)**	(466,135)
Loans advanced to related parties		**(2,261,428)**	(155,080)
Increase in term deposits with initial term of over three months		**(348,330)**	(2,013,248)
Purchases of wealth-management products		**(2,148,000)**	—
Proceeds received from upon the maturities of wealth-management products		**2,148,000**	—
Investment in financial assets at fair value through profit or loss		**(200,000)**	—
Dividends received		**556,119**	852,929
Decrease/(increase) in mandatory reserve deposit as included in restricted bank deposits		**486,380**	(874,552)
Net receipt from related parties for entrusted construction projects		**190,434**	830,954
Loans repaid by related parties		**199,120**	—
Proceeds from disposals of property, plant and equipment	35(b)	**18,420**	61,930
Proceeds from disposal of a joint venture		**320,086**	—
Capital reduction in a joint venture		—	100,000
Government grants received		**7,330**	11,212
Net cash (outflow)/inflow from combination/acquisition of subsidiaries		**(15,312)**	4,959
Interest received		**290,729**	50,577
Net cash used in investing activities		**(3,158,057)**	(2,758,562)

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		—	2,325,511
Capital contribution from non-controlling interests of subsidiaries		**38,150**	341,990
Increase in amounts due to related parties		**2,396,753**	3,883,888
Proceeds from borrowings		**390,385**	—
Dividends paid		**(468,642)**	(1,046,412)
Repayments of borrowings		**(10,350)**	(170,000)
Settlement of bills payable upon their maturities which were issued for the distribution to QDP in the prior year		**(345,892)**	—
Interest paid		**(50,289)**	(10,649)
Payments for share issue expenses		—	(117,746)
Net cash generated from financing activities		**1,950,115**	5,206,582
Net increase in cash and cash equivalents		**221,211**	3,246,811
Cash and cash equivalents at beginning of year, as restated		**4,534,822**	1,293,143
Exchange gains/(losses) on cash and cash equivalents		**4,376**	(5,132)
Cash and cash equivalents at end of year	26	**4,760,409**	4,534,822

The notes on pages 89 to 184 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Qingdao Port International Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC" or "China") on 15 November 2013 as a joint stock company with limited liability as a result of the reorganisation of Qingdao Port (Group) Co., Ltd. ("QDP") and its subsidiaries (the "Reorganisation") in preparation for listing the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the Company's registered office is 7 Gang Hua Road, City North District, Qingdao City, Shandong Province, the PRC.

The Company and its subsidiaries (the "Group") are principally engaged in the provision of containerised and non-containerised cargo handling services, port ancillary services and financial services at the port of Qingdao in the PRC.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 18 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated, as modified by the revaluation of financial assets at fair value through profit or less, which are carried at fair value.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

On 20 March 2015, the Company and Qingdao Port Investment and Construction (Group) Co., Ltd. ("Qingdao Port Investment"), one of QDP's subsidiaries, entered into an agreement pursuant to which the Company will acquire from Qingdao Port Investment its 100% equity interests in Commodity Trading Center at a cash consideration of RMB15,312,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

In April 2015, the Company has completed the acquisition of Commodity Trading Center which was regarded as a business combination under common control in a manner similar to a uniting of interests and was accounted for based on the principles of predecessor accounting. Accordingly, certain comparative figures as presented in these consolidated financial statements have been restated as a result of adoption of predecessor accounting for the above business combination under common control. In applying predecessor accounting, the Group's total assets and total liabilities as of 31 December 2014 increased by approximately RMB18,730,000 and RMB3,540,000 respectively, and the Group's net profit for the year ended 31 December 2014 decreased by approximately RMB1,035,000.

In July 2015, the Group has also completed the acquisition of 100% equity interest in Qingdao Port International Development (Hong Kong) Co., Ltd. ("Qingdao Port International Development") from QDP at a cash consideration of approximately RMB31,180,000. Qingdao Port International Development was established in October 2013 and remains dormant since its establishment. The share capital was contributed by its then shareholder in 2015 prior to the acquisition. The acquisition was regarded as a business combination under common control in a manner similar to a uniting of interests and was accounted for based on the principles of predecessor accounting. The acquisition of Qingdao Port International Development did not result in any restatement in the comparative figures as presented in these consolidated financial statements.

2.1.1 Amended standard and annual improvements adopted by the Group

The following amended standard and annual improvements have been adopted by the Group for the first time for the financial year beginning on 1 January 2015:

- Amendment to IAS 19 regarding defined benefit plans: employee contributions
- Annual improvements 2012, which includes changes to IFRSs 8 and IASs 16, 24 and 38
- Annual improvements 2013, which includes changes to IFRSs 3 and 13 and IAS 40

The adoption of the above amendment and annual improvements did not have any material impact on these consolidated financial statements or result in any significant changes in the Group's significant accounting policies.

2.1.2 New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.3 New and amended standards and annual improvements that are issued and not yet effective

A number of new and amended standards and annual improvements which may be applicable to the Group and are effective for annual periods beginning after 1 January 2015 are summarised as below:

	Effective for accounting periods beginning on or after
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	1 January 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	1 January 2016
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not yet determined
Amendments to IAS 27 "Equity Method in Separate Financial Statements"	1 January 2016
Amendments to IFRSs 10, 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	1 January 2016
Amendments to IAS 1 "Disclosure Initiative"	1 January 2016
Annual improvements 2014, which includes changes to IFRSs 5 and 7, IASs 19 and 34	1 January 2016
Amendments to IAS 12 "Income Taxes"	1 January 2017
Amendments to IAS 7 "Statement of Cash Flows"	1 January 2017
IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
IFRS 9 "Financial Instruments"	1 January 2018
IFRS 16 "Leases"	1 January 2019

The Group has not early adopted the abovementioned new and amended standards and annual improvements in the consolidated financial statements and will apply these new and amended standards and annual improvements in accordance with their respective effective dates. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to Group's significant accounting policies or presentation of the Group's consolidated financial statements will be resulted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

Common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for based on predecessor accounting are recognised as expenses in the year in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

Non-common control combinations

The Group applies the acquisition method to account for non-common control business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in the associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of associate" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or loss on dilution of equity interest in associate is recognised in profit or loss.

In the Company's balance sheet, investment in the associate is stated at cost less provision for impairment loss. The results of the associate are accounted for by the Company on the basis of dividends received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint ventures equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, investments in joint ventures are stated at cost less provision for impairment loss. The results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company which makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Group, its joint ventures and associate and the presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains/(losses) – net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated useful life	Estimated residual value
Buildings	30 years	4%
Terminal facilities	20 - 45 years	4%
Storage facilities	30 - 45 years	4%
Loading equipment	10 years	4%
Machinery and equipment	5 - 18 years	4%
Vessels	18 years	5%
Transportation equipment	10 - 12 years	4%

Construction-in-progress mainly represents terminal facilities and storage facilities under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes all direct costs relating to the construction and acquisition of the assets.

No depreciation is provided for construction-in-progress until such time as the relevant assets are completed and ready for intended use. Construction-in-progress is transferred to relevant categories of property, plant and equipment upon the completion of their respective construction/installation and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss and presented within "other gains/(losses) – net" in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Investment properties

Investment properties, principally comprising buildings, are held for long-term rental yields or for capital appreciation or both, and those are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment properties is calculated using the straight-line method to allocate costs to their residual values over their estimated useful lives of 30 years.

2.9 Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating license period, whichever is shorter.

2.10 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.11 Intangible assets

Intangible assets represent sea area use rights, software and others.

Sea area use rights represent prepaid operating lease payments for maritime space less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for maritime space over the remaining lease term or the operating license period, whichever is shorter. Once sea area use rights are used to reclamation, the net book value will be allocated to the cost of the land. The sea area use rights will be withdrawn upon obtaining the certificate for land use rights.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 years on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred income tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associate) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2.14 Financial assets

2.14.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

2.14.1 Classification (Continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "restricted bank deposits", "term deposits with initial term of over three months" and "cash and cash equivalents", in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.14.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date– the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "other gains/(losses) – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

2.14.2 Recognition and measurement (Continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are recognised in profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. However, if the range of reasonable fair value estimate is significant and the probabilities of various estimates cannot be reasonably assessed, such financial assets are carried out at cost less accumulated impairment losses.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.16 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

2.17 Inventories

Inventories, mainly comprising raw materials and completed properties held for sale, are stated at the lower of cost and net realisable value. The cost of completed properties held for sale comprises development expenditure and professional fees. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, its joint ventures and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associate and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the undistributed profits of the associate and joint ventures is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associate and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans, post-employment medical plans, termination and early retirement benefits.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays a fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group provided supplementary pension subsidies to retired employees and those to be retired prior to 31 December 2015. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised as employee benefit expenses in profit or loss.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Employee benefits (Continued)

(a) Pension obligations (Continued)

For defined contribution plans, the Group pays contributions to government agencies and publicly or privately administered pension insurance plans on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense as incurred.

(b) Other post-employment obligations

The Group provides post-employment healthcare benefits to retired employees prior to 31 December 2015. The expected costs of these benefits are accrued over the employment period using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination and early retirement benefits

Termination and early retirement benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination and early retirement benefits when it is demonstrably committed to termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Housing funds

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentage of the salaries of the employees. The Group's liability in respect of these funds is limited to the contribution payable in each period. Housing funds are recognised as employee benefit expenses as incurred.

(e) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions, if any.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight- line basis over the expected lives of the related assets.

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered and goods supplied. Revenue is shown net of discounts, returns and value-added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Provision of services

The Group provides containerised and non-containerised cargo handling services, and other port ancillary services. Provision of storage services is recognised on a straight-line basis over the period of the service, other services are recognised in the period in which the services are rendered.

(b) Sales of goods

Sale of goods is recognised in the period when the goods are delivered and title has passed.

(c) Rental income

Rental income from operating lease is recognised on a straight-line basis over the term of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate. Interest income from bank deposits and loans to related parties are presented within "other income" in the consolidated income statement.

2.30 Construction contracts

A construction contract is defined by IAS 11 "Construction contracts" as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.31 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.32 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.33 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.34 Fiduciary activities

The Group' subsidiary, Qingdao Port Finance Co., Ltd. ("Qingdao Finance"), conducts entrusted lending business, whereby it enters into entrusted loan agreements with certain related parties. Under the terms of these agreements, the related parties provide funding (the "entrusted funds") to Qingdao Finance, and Qingdao Finance grants loans to other related parties (the "entrusted loans") according to the instructions of the certain related parties. As Qingdao Finance does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as off-balance sheet items at their principal amounts and no impairment assessments are made for these entrusted loans.

2.35 Exceptional items

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The operations and majority of the Group's customers are located in the PRC with most of the assets/liabilities and transactions denominated and settled in RMB. As the commercial transactions settled in foreign currencies are not material, the Directors of the Company (the "Directors") are of the view that the Group's exposure to foreign exchange risk would be insignificant.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from restricted bank deposits, term deposits with initial term of over three months, cash and cash equivalents, loans advanced to related parties, amounts due to related parties and bank borrowings. Restricted bank deposits, certain portion of the cash and cash equivalents, loans advanced to related parties, certain portion of amounts due to related parties and certain portion of bank borrowings of approximately RMB434,144,000, RMB1,310,409,000, RMB2,218,785,000, RMB5,843,280,000 and RMB182,911,000 respectively are subjected to floating interest rates and the remaining financial assets/liabilities as mentioned above are all subjected to fixed interest rates. Financial assets/liabilities subjected to floating interest rates expose the Group to cash flow interest rate risk whereas financial assets/liabilities subjected to fixed interest rates expose the Group to fair value interest rate risk. Considering the financial assets/liabilities subjected to fixed interest rates are all with short maturity periods, the Directors of the Company are of the view that the Group's exposure to fair value interest rate risk would be insignificant.

At 31 December 2015, if borrowing interest rate had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been approximately RMB686,000 lower/higher (2014: RMB 706,000), mainly as a result of higher/lower interest expense on variable rate borrowings.

At 31 December 2015, if interest income/expense rate applicable to the restricted bank deposits, cash and cash equivalents, amounts due from/to related parties had been 8 percent higher/lower than the respective average interest income/expense rates for the year ended 31 December 2015, with all other variables held constant, the Group's profit for the year would have been approximately RMB5,406,000 higher/lower (2014: RMB293,000) which is mainly resulting from the higher/lower net interest income from the restricted bank deposits, cash and cash equivalents, amounts due from/to related parties which bear floating interest rates.

(b) Credit risk

Credit risk primarily arises from cash and cash equivalents, term deposits with initial term of over three months, restricted bank deposits and trade and other receivables (primarily with respect to loans advanced to related parties).

For deposits with banks and financial institutions (including cash and cash equivalents, term deposits with initial term of over three months and restricted bank deposits), the Group has limited its credit exposure by restricting their selection of banks and financial institutions on reputable local joint-stock commercial banks or state-owned banks. Management believes these financial institutions are reputable and there is no significant credit risk of losses on such assets.

For customers, management assesses the credit qualities of customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set and regularly reviewed by management and the utilisation of which is monitored regularly.

For loans advanced to related parties, management considers that the related credit risk is remote as the counter-parties are all profitable terminal operators in China.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the respective balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including the estimated interest expenses on the related borrowings up to their maturities).

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
At 31 December 2015					
Borrowings	**340,178**	**30,790**	**95,054**	**60,497**	**526,519**
Financial liabilities as included in trade and other payables	**10,017,583**	**492,234**	**9,240**	**43,609**	**10,562,666**
	10,357,761	**523,024**	**104,294**	**104,106**	**11,089,185**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2014					
Borrowings	116,778	81,858	3,521	—	202,157
Financial liabilities as included in trade and other payables, as restated	8,499,277	2,860	8,580	41,540	8,552,257
	8,616,055	84,718	12,101	41,540	8,754,414

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total amounts which are borrowings in nature (including current and non-current portion) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The debt-to-equity ratios were as follows:

	2015	2014
	RMB'000	RMB'000
		(Restated)
Total borrowings (Note 30)	**492,296**	188,261
Amounts due to related parties (Note 33)	**6,280,642**	3,883,889
Less: cash and cash equivalents (Note 26)	**(4,760,409)**	(4,534,822)
Net debt/(cash)	**2,012,529**	(462,672)
Total equity	**13,331,522**	12,433,489
Total capital	**15,344,051**	11,970,817
Gearing ratio	**13%**	N/A

3.3 Fair value estimation

The fair value for measurement or disclosure purpose is determined based on the inputs as categorised into the following three levels within the fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

As at 31 December 2015, the Group has financial assets at fair value through profit or loss (Note 27) and the fair value of which, despite insignificant, could be determined by using valuation technique based on the inputs within level 3 at the fair value hierarchy.

The fair value of investment properties as disclosed in Note 19 is determined using the methodology of discounted cash flow projection for industrial investment properties and market comparable analysis for commercial investment properties which are both based on the inputs within level 3 of the fair value hierarchy.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Judgments on the cost and completion date of construction-in-progress

The construction of terminal facilities involves various points in time and different part of the construction projects to complete and reach to its intended use. The Group transfers the construction-in-progress to relevant categories of property, plant and equipment in batches upon the completion of respective parts of the terminal facilities. The cost of terminal facilities may not be paid in full when the construction is completed and ready for its intended use. The Group estimates the completion progress, time to reach its intended use and the cost of the construction-in-progress to be transferred to property, plant and equipment where necessary. If the estimation differs significantly from the final settlement of the completed construction projects, the difference will impact the cost of property, plant and equipment and the depreciation charge.

(b) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

(c) Early retirement and supplemental benefit obligations

The present value of the early retirement and supplemental benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for early retirement and supplemental benefit obligations include mainly the discount rate, salaries and welfare growth rate, and allowance growth rate. Any changes in these assumptions will impact the carrying amount of early retirement and supplemental benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations.

Other key assumptions for early retirement and supplemental benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 32.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(d) Impairment of trade and other receivables

The impairment of trade and other receivables is primarily assessed based on current market conditions and prior experience by taking into account past due status, financial position of debtors and guarantees obtained for the outstanding debts, if any. The Group reviews the adequacy of impairment on a regular basis. Should there be any change in the assumptions and estimates, revisions to the provision for impairment of trade and other receivables would be required.

5. SEGMENT INFORMATION

The Board of Directors of the Company is the Group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing the performance.

The Board of Directors considers the business from service activities perspective, which mainly include the following six reportable segments:

— Container handling and ancillary services: Loading and discharging of containers and storage;

— Metal ore, coal and other cargo handling and ancillary services: Loading and discharging of metal ore, coal and other cargo and storage;

— Liquid bulk handling and ancillary services: Loading and discharging of liquid bulk and storage;

— Logistics and port value-added services: Provision of towing, tallying, cargo logistics, container management hub services, agency and other services;

— Port ancillary services: Provision of facilities construction service and manufacturing of port related equipment and others; and

— Financial services: Provision of financial products and services (including provision of deposit-taking activities, corporate loans, guarantee, insurance services and others) to the Company, its subsidiaries and related parties.

Container handling and ancillary services, liquid bulk handling and ancillary services are mainly operated by joint ventures. Management has concluded that these segments should be reported, as they are the main services and are expected to materially contribute to the Group's profit in future and thus the Board of Directors closely monitors the share of net profit from those joint ventures.

The financial services reportable segment is mainly operated by Qingdao Finance.

5. SEGMENT INFORMATION (Continued)

Qingdao Finance was incorporated by the Company and QDP on 22 July 2014. Qingdao Finance has obtained the financial business operation license as approved by the China Banking Regulatory Commission in the Qingdao city. Starting from 1 August 2014, any surplus cash as held by the Group's joint ventures, associate, QDP and its subsidiaries over the amounts as required for their daily operations are deposited with Qingdao Finance. Qingdao Finance invests surplus cash in time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity so that the above related parties can withdraw the deposited amounts at any time by serving an one-day advance notice to Qingdao Finance.

The Board of the Directors assesses the performance of the operating segments based on a measure of adjusted segment results of each segment. Such segment results consist of revenue, cost of sales, selling and administrative expenses, other income, other gains - net, share of post-tax profit of joint ventures and associate directly attributable to each segment. Unallocated costs consist of corporate expenses and exchange loss. Unallocated other income consists of interest income on corporate bank deposits and loans advanced to related parties and income from wealth-management products.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transactions are conducted in accordance with the terms as mutually agreed between the parties.

Segment assets consist primarily of land use rights, property, plant and equipment, investment properties, intangible assets, investments in joint ventures, investment in an associate, trade and other receivables, inventories, amounts due from customers for contract work, restricted bank deposits, term deposits with initial term of over three months and cash and cash equivalents. Unallocated assets consist of deferred income tax assets in connection with the reversal of the Company's asset revaluation surplus in the consolidated financial statements, financial assets at fair value through profit or loss, corporate assets of property, plant and equipment, intangible assets, available-for-sale financial assets, deferred income tax assets, other receivables and cash and cash equivalents.

Segment liabilities consist primarily of early retirement and supplemental benefit obligations, trade and other payables and borrowings. Unallocated liabilities consist of items such as corporate current income tax liabilities, borrowings, bill payables and other payables to QDP.

Additions to non-current assets (other than financial instruments and deferred income tax assets) consist of additions to property, plant and equipment, intangible assets and other non-current assets.

During the year ended 31 December 2015, more than 90% of the Group's revenue is generated from customers located in the Mainland China and all of the non-current assets of the Group were located in the Mainland China.

5. SEGMENT INFORMATION (Continued)

The segment information for the reportable segments is as follows:

	For the year ended 31 December 2015							
	Container handling and ancillary services RMB'000	Metal ore, coal and other cargo handling and ancillary services RMB'000	Liquid bulk handling and ancillary services RMB'000	Logistics and port value-added services RMB'000	Port ancillary services RMB'000	Financial services RMB'000	Elimination RMB'000	Total RMB'000
Total reportable segment revenue	190,343	2,974,791	99,149	2,432,228	2,388,620	258,341	(728,158)	7,615,314
Inter-segment revenue	—	(32,318)	—	(15,114)	(674,296)	(6,430)	728,158	—
Reportable segment revenue from external customers	190,343	2,942,473	99,149	2,417,114	1,714,324	251,911	—	7,615,314
Total reportable segment costs	(61,091)	(2,335,345)	(17,512)	(1,636,460)	(2,023,184)	(66,449)	732,474	(5,407,567)
Inter-segment costs	—	53,165	—	23,213	625,260	30,836	(732,474)	—
Reportable segment costs associated with services provided to external customers	(61,091)	(2,282,180)	(17,512)	(1,613,247)	(1,397,924)	(35,613)	—	(5,407,567)
Gain from disposal of a joint venture	153,157	—	—	—	—	—	—	153,157
Share of post-tax profit of joint ventures	428,806	17,424	169,596	57,616	—	—	—	673,442
Share of post-tax profit of an associate	—	—	—	1,148	—	—	—	1,148
Segment results	697,932	453,080	250,895	750,906	251,477	158,558	(23,604)	2,539,244
Unallocated costs								(117,352)
Unallocated other income								21,175
Profit before income tax								2,443,067
Income tax expenses								(471,059)
Profit for the year								1,972,008

5. SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2015							
	Container handling and ancillary services RMB'000	Metal ore, coal and other cargo handling and ancillary services RMB'000	Liquid bulk handling and ancillary services RMB'000	Logistics and port value-added services RMB'000	Port ancillary services RMB'000	Financial services RMB'000	Elimination RMB'000	Total RMB'000
Other information:								
Depreciation and amortisation	12,353	259,130	8,464	69,950	125,609	1,910	—	477,416
Unallocated depreciation and amortisation								13,973
Impairment provision	—	24,645	—	31,630	1,149	29,854	—	87,278
Non-cash items other than depreciation and amortisation*	—	24,280	90	7,620	34,020	30	—	66,040
	As at 31 December 2015							
Segment assets	2,082,933	8,672,078	3,168,700	2,863,714	4,885,528	9,423,628	(2,363,825)	28,732,756
Unallocated assets								2,738,519
Total assets								31,471,275
Total assets include:								
– Interests in joint ventures	1,864,438	948,996	1,483,305	395,460	—	—	—	4,692,199
– Interest in an associate	—	—	—	5,841	—	—	—	5,841
Additions to non-current assets (other than financial instruments and deferred income tax assets)	—	989,503	381,429	69,084	176,619	996	(42,839)	1,574,792
Unallocated additions to non-current assets (other than financial instruments and deferred income tax assets)								3,205
Segment liabilities	75,150	3,095,174	655,527	978,751	6,574,070	8,095,664	(2,772,818)	16,701,518
Unallocated liabilities								1,438,235
Total liabilities								18,139,753

5. SEGMENT INFORMATION (Continued)

The segment information for the reportable segments is as follows:

	For the year ended 31 December 2014 (Restated)							
	Container handling and ancillary services RMB'000	Metal ore, coal and other cargo handling and ancillary services RMB'000	Liquid bulk handling and ancillary services RMB'000	Logistics and port value-added services RMB'000	Port ancillary services RMB'000	Financial services RMB'000	Elimination RMB'000	Total RMB'000
Total reportable segment revenue	196,825	2,977,561	89,749	2,131,602	2,218,588	86,312	(709,612)	6,991,025
Inter-segment revenue	—	(15,181)	—	(47,780)	(646,651)	—	709,612	—
Reportable segment revenue from external customers	196,825	2,962,380	89,749	2,083,822	1,571,937	86,312	—	6,991,025
Total reportable segment costs	(60,794)	(2,152,210)	(15,423)	(1,524,347)	(1,884,925)	(19,701)	684,650	(4,972,750)
Inter-segment costs	—	28,417	—	47,904	597,869	10,460	(684,650)	—
Reportable segment costs associated with services provided to external customers	(60,794)	(2,123,793)	(15,423)	(1,476,443)	(1,287,056)	(9,241)	—	(4,972,750)
Share of post-tax profit of joint ventures	398,147	5,629	161,537	45,720	—	—	—	611,033
Share of post-tax profit of an associate	—	—	—	895	—	—	—	895
Segment results	515,120	576,271	235,106	560,539	201,316	60,815	(24,962)	2,124,205
Unallocated costs								(133,597)
Unallocated other income								25,739
Profit before income tax								2,016,347
Income tax expenses								(395,502)
Profit for the year								1,620,845

5. SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2014 (Restated)							
	Container handling and ancillary services RMB'000	Metal ore, coal and other cargo handling and ancillary services RMB'000	Liquid bulk handling and ancillary services RMB'000	Logistics and port value-added services RMB'000	Port ancillary services RMB'000	Financial services RMB'000	Elimination RMB'000	Total RMB'000
Other information:								
Depreciation and amortisation	20,966	217,487	12,848	68,494	128,783	346	(2,620)	446,304
Unallocated depreciation and amortisation								12,553
Impairment provision	—	1,065	—	—	422	1,560	—	3,047
Non-cash items other than depreciation and amortisation*	—	43,260	340	13,530	40,160	50	—	97,340
	As at 31 December 2014 (Restated)							
Segment assets	2,568,831	7,735,186	3,112,594	2,380,379	5,103,100	7,347,351	(3,209,762)	25,037,679
Unallocated assets								3,308,358
Total assets								28,346,037
Total assets include:								
– Interests in joint ventures	1,835,768	925,586	1,362,820	324,018	—	—	—	4,448,192
– Interests in an associate	—	—	—	5,472	—	—	—	5,472
Additions to non-current assets (other than financial instruments and deferred income tax assets)	—	1,590,878	348,640	141,914	94,346	7,260	(33,720)	2,149,318
Unallocated additions to non-current assets (other than financial instruments and deferred income tax assets)								10,473
Segment liabilities	71,370	2,866,400	436,272	807,699	7,057,470	6,442,563	(3,629,002)	14,052,772
Unallocated liabilities								1,859,776
Total liabilities								15,912,548

* Non-cash items other than depreciation and amortisation represent the interest cost of early retirement and supplemental benefit obligations and gains or losses of early retirement benefit obligations.

5. SEGMENT INFORMATION (Continued)

Reportable segment revenue from external customers and reportable segment costs associated with services provided to external customers are reconciled to the consolidated figures as reported in the consolidated financial statements as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Revenue		
Reportable segment revenue from external customers	**7,615,314**	6,991,025
Less: interest income of Qingdao Finance (i)	**(246,076)**	(83,088)
Consolidated revenue	**7,369,238**	6,907,937

	2015 RMB'000	2014 RMB'000 (Restated)
Cost of sales		
Reportable segment costs associated with services provided to external customers	**5,407,567**	4,972,750
Less: interest expense of Qingdao Finance (ii)	**(31,332)**	(8,287)
Consolidated cost of sales	**5,376,235**	4,964,463

Notes:

(i) Reportable segment revenue from external customers of the financial services segment primarily comprised of the interest income as generated by Qingdao Finance and the amount has been classified and presented as other income in the consolidated income statement.

(ii) Reportable segment costs of the financial services segment primarily comprised of the interest expenses paid or payable by Qingdao Finance to QDP, fellow subsidiaries, joint ventures and an associate and the amounts have been classified and presented as finance costs in the consolidated income statement.

5. SEGMENT INFORMATION (Continued)

Reportable segment's assets and liabilities are reconciled to total assets and liabilities as reported in the consolidated financial statements as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Segment assets	**28,732,756**	25,037,679
Unallocated assets and corporate assets:		
– Financial assets at fair value through profit or loss	**200,000**	—
– Deferred income tax assets	**845,948**	884,392
– Property, plant and equipment	**103,382**	106,816
– Intangible assets	**32,793**	34,801
– Available-for-sale financial assets	**483**	483
– Other receivables	**668,384**	526,889
– Cash and cash equivalents	**887,529**	1,754,977
	31,471,275	28,346,037

	2015 RMB'000	2014 RMB'000 (Restated)
Segment liabilities	**16,701,518**	14,052,772
Unallocated corporate liabilities:		
– Bank borrowings	**309,385**	—
– Bill and other payables	**1,089,458**	1,822,701
– Current income tax liabilities	**39,392**	37,075
	18,139,753	15,912,548

Unallocated other payables are mainly payables to QDP.

5. SEGMENT INFORMATION (Continued)

The Group's revenue for the year ended 31 December 2015 are analysed as below:

	2015	2014
	RMB'000	RMB'000
		(Restated)
Revenue from handling, ancillary and other related services	**3,231,965**	3,248,954
Revenue from logistics and port value-added services	**2,417,114**	2,083,822
Revenue from port construction and equipment manufacturing	**787,752**	723,436
Rental income	**241,594**	232,370
Sales of electricity, oil and others	**690,813**	619,355
	7,369,238	6,907,937

6. OTHER INCOME

	2015	2014
	RMB'000	RMB'000
Interest income		
– from bank deposits	**215,132**	101,388
– from loans advanced to related parties	**34,700**	1,279
Commission from port construction fees	**14,172**	13,090
Government grants	**11,525**	4,676
Income from wealth-management products	**15,382**	6,639
Others	**7,576**	464
	298,487	127,536

7. OTHER GAINS - NET

	2015	2014
	RMB'000	RMB'000
		(Restated)
Gains on disposals of property, plant and equipment	**6,439**	32,128
Others	**6,441**	(7,036)
	12,880	25,092

8. GAIN FROM DISPOSAL OF A JOINT VENTURE

The Group's interest in Rizhao Riqing Container Terminal Co., Ltd. ("Riqing Container"), a joint venture with 50% of its equity interests being held by the Group and Rizhao Port Co., Ltd. ("Rizhao Port"), respectively, was classified as an asset classified as held for sale as of 31 December 2014.

In February 2015, Rizhao Port has acquired the Group's entire 50% equity interests in Riqing Container at the consideration of approximately RMB639,086,000. Rizhao Port has settled all of the aforesaid consideration to the Group in November 2015.

Resulting from the disposal of the equity interest in Riqing Container, the Group has recognised a net gain on disposal of approximately RMB153,157,000 during the year ended 31 December 2015.

9. EXPENSES BY NATURE

	2015	2014
	RMB'000	RMB'000
		(Restated)
Employee benefit expenses (Note 10)	**1,707,375**	1,700,534
Subcontract costs	**1,267,323**	1,116,501
Transportation costs	**788,075**	691,295
Depreciation of property, plant and equipment (Note 18)	**446,219**	417,286
Materials used in contract work	**401,435**	375,315
Raw materials and consumables used (Note 24)	**207,428**	193,258
Fuel and heating expenditures	**227,879**	303,102
Cost of sales for oil and electricity	**302,505**	356,751
Business tax and others	**134,733**	126,971
Operating lease rental (Note 18(b))	**123,988**	116,615
Repair and maintenance expenses	**123,168**	53,357
Amortisation of land use rights and intangible assets (Notes 17 and 20)	**18,794**	19,317
Amortisation of other non-current assets	**17,123**	13,123
Depreciation of investment properties (Note 19)	**9,253**	9,131
Auditor's remuneration		
– Audit services	**6,941**	7,198
– Non-audit services	**9**	12
Provision for impairment of trade and other receivables - net (Note 23(e))	**87,278**	3,047
Other expenses	**153,098**	141,633
Total cost of sales and selling and administrative expenses	**6,022,624**	5,644,446

10. EMPLOYEE BENEFIT EXPENSES

	2015	2014
	RMB'000	RMB'000
Salaries, wages and bonuses	**1,160,343**	1,082,217
Contributions to pension plans	**135,849**	117,971
Early retirement and supplemental benefit obligations (Note 32)	**85,610**	183,660
Housing benefits	**88,734**	81,658
Welfare, medical and other expenses	**236,839**	235,028
	1,707,375	1,700,534

(a) Pensions – defined contribution plans

As of 31 December 2015, the contributions payable to the trustee of the Group's defined contribution plans amounted to approximately RMB34,546,000 (2014: RMB24,799,000).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2014: three) directors whose emoluments are reflected in the analysis shown in Note 43. The emoluments payable to the remaining one (2014: two) individual during the year are as follows:

	2015	2014
	RMB'000	RMB'000
Salaries, housing allowances and other allowances	**292**	521
Supplemental benefits	**44**	78
Discretionary bonuses	**578**	654
	914	1,253

The emoluments fell within the following bands:

	2015	2014
Emolument bands		
HKD500,001 - 1,000,000 (RMB418,901 - RMB837,800)	—	2
HKD1,000,001 - 1,500,000 (RMB837,801 - RMB1,256,700)	**1**	—

11. FINANCE COSTS

	2015 RMB'000	2014 RMB'000 (Restated)
Interest expenses on		
– deposits placed with Qingdao Finance by related parties (Note 5)	**31,332**	8,287
– bank borrowings	**23,665**	9,662
	54,997	17,949
Less: amounts capitalised on qualifying assets (Note 18)	**(12,336)**	(6,249)
Finance costs	**42,661**	11,700

12. SUBSIDIARIES

Details of the principal subsidiaries have been set out in Note 39 to these consolidated financial statements.

As at 31 December 2015, the non-controlling interests of the Group are mainly attributable to Qingdao Ocean Shipping Tally Co., Ltd. ("Qingdao OST") and Qingdao Finance.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Qingdao Finance and Qingdao OST, which have non-controlling interests that are material to the Group.

Summarised balance sheet

	Qingdao Finance		Qingdao OST	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Current				
Assets	**7,389,088**	7,412,320	**180,403**	166,158
Liabilities	**(8,155,479)**	(6,465,510)	**(17,795)**	(17,279)
Total net current assets/(liabilities)	**(766,391)**	946,810	**162,608**	148,879
Non-current				
Assets	**1,923,465**	96,926	**5,514**	6,129
Liabilities	**(5,788)**	—	**(28,410)**	(30,500)
Total net non-current assets/(liabilities)	**1,917,677**	96,926	**(22,896)**	(24,371)
Net assets	**1,151,286**	1,043,736	**139,712**	124,508

12. SUBSIDIARIES (Continued)

Summarised statement of comprehensive income

	Qingdao Finance		Qingdao OST	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**253,420**	83,096	**277,212**	263,232
Profit before income tax	**145,357**	58,330	**177,236**	160,934
Income tax expenses	**(37,807)**	(14,594)	**(44,739)**	(41,051)
Profit for the year	**107,550**	43,736	**132,497**	119,883
Other comprehensive expenses	**—**	—	**(2,590)**	(2,530)
Total comprehensive income	**107,550**	43,736	**129,907**	117,353
Total comprehensive income allocated to non-controlling interests	**32,265**	13,121	**20,571**	18,776
Dividends paid to non-controlling interests	**—**	—	**19,181**	13,872

12. SUBSIDIARIES (Continued)

Summarised statement of cash flows

	Qingdao Finance		Qingdao OST	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities				
Cash generated from operations	**1,233**	3,418,678	**197,005**	169,427
Income tax paid	**(41,406)**	(9,856)	**(62,249)**	(52,127)
Net cash (used in)/from operating activities	**(40,173)**	3,408,822	**134,756**	117,300
Net cash used in investing activities	**(1,703)**	(7,768)	**(62,929)**	(12,463)
Net cash from/(used in) financing activities	**—**	1,000,000	**(119,883)**	(86,698)
Net (decrease)/increase in cash and cash equivalents	**(41,876)**	4,401,054	**(48,056)**	18,139
Cash and cash equivalents at beginning of year	**4,400,407**	—	**149,618**	131,479
Exchange gains/(losses) on cash and cash equivalents	**1,873**	(647)	**—**	—
Cash and cash equivalents at end of year	**4,360,404**	4,400,407	**101,562**	149,618

The information above is the amounts before inter-company eliminations.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated income statement are as follows:

	2015 RMB'000	2014 RMB'000
Joint ventures	**673,442**	611,033
An associate	**1,148**	895
	674,590	611,928

The amounts recognised in the consolidated balance sheet are as follows:

	2015 RMB'000	2014 RMB'000
Joint ventures	**4,692,199**	4,448,192
An associate	**5,841**	5,472
	4,698,040	4,453,664

(a) Investments in joint ventures

	2015 RMB'000	2014 RMB'000
At 1 January	**4,448,192**	4,392,298
Additions	**96,850**	602,367
Capital reduction in a joint venture	**—**	(100,000)
Share of profit	**673,442**	611,033
Realisation of unrealised profit	**13,282**	19,295
Dividends from joint ventures	**(542,081)**	(591,031)
Changes in other reserves	**2,514**	357
Reclassified as held for sale	**—**	(486,127)
At 31 December	**4,692,199**	4,448,192

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in joint ventures (Continued)

Nature of investment in joint ventures as at 31 December 2015 are set out below:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Qingdao Qianwan Container Terminal Co., Ltd. ("QQCT")	PRC	31	Note i	Equity
Qingdao Shihua Crude Oil Terminal Co., Ltd. ("Qingdao Shihua")	PRC	50	Note i	Equity
Qingdao Qianwan West Port United Terminal Co., Ltd. ("Qianwan West United") (Note iii)	PRC	51	Note i	Equity
Weihai Qingwei Container Terminal Co., Ltd.	PRC	49	Note i	Equity
Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (the "QDOT")	PRC	30	Note i	Equity
Binzhou Port-Qingdao Port International Terminal Co., Ltd.	PRC	50	Note i	Equity
Vopak Logistics (Qingdao) Co., Ltd.	PRC	50	Note ii	Equity
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	PRC	40	Note ii	Equity
Qingdao Orient International Container Storage & Transportation Co., Ltd.	PRC	41	Note ii	Equity
Qingdao Bay Liquid Chemical Port Operation Co., Ltd.	PRC	50	Note ii	Equity
Qingdao Qianwan Port Area Bonded Logistics Center Co., Ltd.	PRC	23	Note ii	Equity
Qingdao Ganghai International Logistics Co., Ltd.	PRC	50	Note ii	Equity
Qingdao Shenzhouxing International Transportation Co., Ltd.	PRC	50	Note ii	Equity
China Shipping Agency (Qingdao) Co., Ltd.	PRC	50	Note ii	Equity
Qingdao United International Shipping Agency Co., Ltd.	PRC	50	Note ii	Equity
Huaneng Qingdao Port Operation Co., Ltd.	PRC	49	Note ii	Equity
Qingdao Port Dongjiakou IMC Logistics Co., Ltd. (Note iii)	PRC	51	Note ii	Equity
Qingdao Port High-speed Logistics (Linyi) Co., Ltd. ("High-speed Logistics")	PRC	40	Note ii	Equity
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd. ("Sinotrans Dongjiakou Logistics")	PRC	49	Note ii	Equity
Qingdao Port Yuntai Logistics Co., Ltd.	PRC	40	Note ii	Equity
Henan Yuqing International Logistics Co., Ltd.	PRC	49	Note ii	Equity

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in joint ventures (Continued)

Notes:

(i) These companies are strategic partners for the Group which provide containerised and non-containerised cargo handling services and other port ancillary services.

(ii) These companies provide logistics services or agency services, which are supplementary to the cargo handling services and other port ancillary services as operated by the Group and its joint ventures as mentioned in Note (i) above.

(iii) Although the Group's equity interests in these joint ventures are more than 50%, the Group does not have unilateral control over these joint ventures.

(iv) The Group's equity interest in Rizhao Riqing had been disposed in February 2015 (Note 8).

All of the joint ventures are private companies and there is no quoted market price available for their shares.

There are no material contingent liabilities relating to the Group's interests in the joint ventures, and no material contingent liabilities of the joint ventures themselves.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in joint ventures (Continued)

Summarised financial information for joint ventures

Set out below are the summarised financial information for joint ventures which are accounted for using the equity method, and in the opinion of the Directors are material to the Group.

Summarised balance sheet – As at 31 December 2015 and 2014

	QQCT		Qingdao Shihua	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Cash and cash equivalents	**784,798**	551,101	**138,009**	118,196
Other current assets (excluding cash)	**657,351**	822,701	**19,248**	60,455
Total current assets	**1,442,149**	1,373,802	**157,257**	178,651
Financial liabilities (excluding trade payables)	**(517,455)**	(500,500)	—	—
Other current liabilities (including trade payables)	**(443,657)**	(1,691,478)	**(494,593)**	(378,746)
Total current liabilities	**(961,112)**	(2,191,978)	**(494,593)**	(378,746)
Non-current				
Assets	**8,041,859**	9,174,996	**2,892,035**	2,609,370
Liabilities	**(2,503,803)**	(2,588,480)	—	—
Total net non-current assets	**5,538,056**	6,586,516	**2,892,035**	2,609,370
Net assets of the joint ventures	**6,019,093**	5,768,340	**2,554,699**	2,409,275
Less: non-controlling interests	**(325,950)**	(155,996)	—	—
Net assets attributable to owners of the joint ventures	**5,693,143**	5,612,344	**2,554,699**	2,409,275

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in joint ventures (Continued)

Summarised statement of comprehensive income – For the years ended 31 December 2015 and 2014

	QQCT		Qingdao Shihua	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**2,896,493**	2,705,313	**834,365**	765,026
Cost of sales	**(1,041,699)**	(1,020,315)	**(330,759)**	(282,017)
Including: Depreciation and amortisation	***(321,914)***	*(320,968)*	***(103,666)***	*(105,860)*
Interest income	**94,552**	171,785	**2,771**	2,237
Interest expense	**(189,528)**	(261,729)	**—**	—
Profit before income tax	**1,755,237**	1,604,662	**460,560**	442,057
Income tax expenses	**(442,490)**	(409,539)	**(115,136)**	(111,441)
Profit and total comprehensive income for the year	**1,312,747**	1,195,123	**345,424**	330,616
Profit and total comprehensive income attributable:				
– Owners of the joint ventures	**1,314,793**	1,198,719	**345,424**	330,616
– Non-controlling interests of the joint ventures	**(2,046)**	(3,596)	**—**	—
	1,312,747	1,195,123	**345,424**	330,616
Dividends declared by joint ventures and entitled by the Group	**384,959**	392,729	**100,000**	112,748
Dividends received by the Group from joint ventures	**384,959**	666,800	**100,000**	112,748

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in joint ventures (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information of the material joint ventures presented to the carrying amount of the Group's interests in the respective joint ventures - For the years ended 31 December 2015 and 2014.

Summarised financial information

	QQCT		Qingdao Shihua	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Opening net assets attributable to owners of the joint ventures	**5,612,344**	5,661,369	**2,409,275**	2,304,154
Profit attributable to owners of the joint ventures for the year	**1,314,793**	1,198,719	**345,424**	330,616
Dividends paid	**(1,241,804)**	(1,266,867)	**(200,000)**	(225,495)
Other distribution	**7,810**	(276)	—	—
Others	—	19,399	—	—
Closing net assets attributable to owners of the joint ventures	**5,693,143**	5,612,344	**2,554,699**	2,409,275
Equity interest held by the Group	**31%**	31%	**50%**	50%
Interests in joint ventures	**1,764,874**	1,739,826	**1,277,350**	1,204,638
Unrealised profit	—	—	**(87,517)**	(96,059)
Carrying value	**1,764,874**	1,739,826	**1,189,833**	1,108,579
Share of post-tax profit before elimination	**407,586**	371,603	**172,712**	165,308
Unrealised profit	—	—	**(2,848)**	(3,740)
Share of post-tax profit	**407,586**	371,603	**169,864**	161,568

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in joint ventures (Continued)

Individually immaterial joint ventures

In addition to the interests in the material joint ventures as disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method. The carrying value of these immaterial joint ventures and the Group's share of their results are summarised as below:

	2015 RMB'000	2014 RMB'000
Aggregate carrying value of individually immaterial joint ventures	**1,737,492**	1,599,787
Aggregate amounts of the Group's share of post-tax profits of individually immaterial joint ventures	**95,992**	77,862
Dividends declared by individually immaterial joint ventures and entitled by the Group	**57,122**	85,554
Dividends received by the Group from individual immaterially joint ventures	**57,122**	72,375

(b) Investments in an associate

	2015 RMB'000	2014 RMB'000
At 1 January	**5,472**	5,488
Share of profit	**1,148**	895
Dividends from an associate	**(779)**	(911)
At 31 December	**5,841**	5,472

The Directors are of the opinion that the associate is not material to the Group.

14. TAXATION

(a) Income tax expenses

The amounts of income tax expenses charged to the consolidated income statement represent:

	2015 RMB'000	2014 RMB'000
Current income tax		
– PRC enterprise income tax	**440,082**	344,600
Deferred income tax charge (Note 34)	**30,977**	50,902
	471,059	395,502

The Group is subject to PRC enterprise income tax which has been provided for based on the statutory income tax rate of 25% on the assessable profit of the Company and its subsidiaries for the current and the prior year.

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profit arising in or derived from Hong Kong for the current and the prior year.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate in the PRC applicable to profit of the consolidated entities as follows:

	2015 RMB'000	2014 RMB'000
Profit before income tax	**2,443,067**	2,016,347
Less: Share of post-tax profit of joint ventures and an associate	**(674,590)**	(611,928)
	1,768,477	1,404,419
Tax calculated at the statutory income tax rate in the PRC	**442,119**	351,105
Expenses not deductible for tax purposes	**28,940**	44,397
Income tax expenses	**471,059**	395,502

14. TAXATION (Continued)

(b) Value-added tax ("VAT") and related taxes

Certain revenue of the Group are subject to output VAT generally calculated at 17% or 13% of the product selling prices. An input credit is available whereby input VAT previously paid on purchases of raw materials or equipment can be used to offset the output VAT to determine the net VAT payable. Certain products of the subsidiaries are subject to output VAT calculated at 6% of the product selling prices with no input credit. The applicable export tax rebate rate is 17%. The subsidiaries are also subject to city construction tax ("CCT") and educational surcharge ("ES") based on 7% and 3% of net VAT payable, respectively.

(c) Business Tax ("BT") and related taxes

Certain revenue of the Group are subject to BT at rates of 3% or 5% of the taxable revenue. In addition, the Group is subject to CCT and ES based on 7% and 3% of the related BT payable, respectively.

15. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014 (Restated)
Profit attributable to owners of the Company (RMB'000)	**1,904,788**	1,585,336
Weighted average number of ordinary shares in issue (thousands)	**4,778,204**	4,440,444
Basic earnings per share (RMB per share)	**0.40**	0.36

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2015 and 2014.

16. DIVIDENDS

Pursuant to the resolution of the shareholders' meeting held on 15 November 2013, QDP and other promoters are entitled to a special dividend in an amount equal to the distributable profit of the Group generated from 16 November 2013, the date immediately after the date of the incorporation of the Company, to the last day of the month prior to the listing of the Company's shares (the "Special Dividend"), in accordance with People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") or IFRS, whichever is lower. At the board meeting held on 20 March 2015, the Board has approved the Special Dividend, as determined based on the audited consolidated balance sheet as at 31 May 2014 prepared in accordance with PRC GAAP, distributable to QDP and other promoters of approximately RMB650,384,000.

The Special Dividend has been approved by the Company's shareholders in the annual general meeting on 6 June 2015. In the same annual general meeting, the Company's shareholders have also approved the dividend in respect of the period from 1 June 2014 to 31 December 2014 of approximately RMB61.91 per thousand shares, amounting to a total dividend of approximately RMB295,819,000.

The aforesaid approved dividends totally RMB946,203,000 has been settled in December 2015.

During the year ended 31 December 2015, certain of the Group's non-wholly owned subsidiaries had paid dividends to minority shareholders of approximately RMB24,080,000 (2014: RMB13,872,000).

A dividend in respect of the year ended 31 December 2015 of RMB139.08 per thousand shares, amounting to a total dividend of approximately RMB664,553,000, is to be proposed at the annual general meeting on 6 June 2016. These consolidated financial statements do not reflect this dividend payable.

17. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments for lands located in Qingdao, the PRC and their net book value are analysed as follows:

	2015	2014
	RMB'000	RMB'000
Cost		
At 1 January	**773,916**	608,189
Additions	**38,594**	—
Acquisition of subsidiaries	**—**	165,727
As at 31 December	**812,510**	773,916
Accumulated amortisation		
At 1 January	**(22,057)**	(9,824)
Amortisation charge	**(12,259)**	(12,233)
As at 31 December	**(34,316)**	(22,057)
Net book value	**778,194**	751,859

During the year ended 31 December 2015, amortisation expenses of approximately RMB8,001,000 (2014: RMB12,233,000) and RMB4,258,000 (2014: Nil) have been charged in "Cost of sales" and capitalised as construction in-progress respectively.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Terminal facilities RMB'000	Storage facilities RMB'000	Loading equipment RMB'000	Machinery and equipment RMB'000	Vessels RMB'000	Transportation equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 1 January 2014, as restated									
Cost	279,109	5,952,854	1,508,592	2,623,963	647,252	1,021,736	91,235	1,589,355	13,714,096
Accumulated depreciation	(131,322)	(1,326,117)	(337,286)	(1,826,337)	(490,547)	(357,857)	(39,099)	—	(4,508,565)
Net book amount,as restated	147,787	4,626,737	1,171,306	797,626	156,705	663,879	52,136	1,589,355	9,205,531
Year ended 31 December 2014									
Opening net book amount, as restated	147,787	4,626,737	1,171,306	797,626	156,705	663,879	52,136	1,589,355	9,205,531
Additions, as restated	2,529	2,374	333	39,243	46,059	5,773	14,742	966,834	1,077,887
Transfers	—	272,390	35,603	45,043	1,279	—	—	(354,315)	—
Disposals	(11,006)	—	(1,833)	(8,462)	(968)	(1,825)	(6,926)	(425,420)	(456,440)
Transfer to prepayment for other non-current assets	—	—	—	—	—	—	—	(17,156)	(17,156)
Acquisitions of subsidiaries	—	—	—	—	239	—	700	1,293,519	1,294,458
Depreciation charge, as restated (Note 9)	(9,098)	(123,097)	(48,804)	(143,079)	(36,493)	(46,399)	(10,316)	—	(417,286)
Closing net book amount, as restated	130,212	4,778,404	1,156,605	730,371	166,821	621,428	50,336	3,052,817	10,686,994

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Terminal facilities RMB'000	Storage facilities RMB'000	Loading equipment RMB'000	Machinery and equipment RMB'000	Vessels RMB'000	Transportation equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 31 December 2014, as restated									
Cost	270,563	6,227,618	1,542,424	2,699,303	693,817	1,025,530	99,654	3,052,817	15,611,726
Accumulated depreciation	(140,351)	(1,449,214)	(385,819)	(1,968,932)	(526,996)	(404,102)	(49,318)	—	(4,924,732)
Net book amount	130,212	4,778,404	1,156,605	730,371	166,821	621,428	50,336	3,052,817	10,686,994
Year ended 31 December 2015									
Opening net book amount, as restated	**130,212**	**4,778,404**	**1,156,605**	**730,371**	**166,821**	**621,428**	**50,336**	**3,052,817**	**10,686,994**
Additions	**2,740**	**4,651**	**2,939**	**96,037**	**31,183**	**17,129**	**3,197**	**1,318,291**	**1,476,167**
Transfers	**34,170**	**95,740**	**688,164**	—	**62,658**	—	—	**(880,732)**	—
Disposals (Note 35(b))	**(86)**	**(68)**	—	**(29,917)**	**(3,906)**	**(1,228)**	**(6,384)**	—	**(41,589)**
Transfer to investment properties (Note 19)	—	—	**(33,452)**	—	—	—	—	—	**(33,452)**
Transfer from investment properties (Note 19)	—	—	**126,003**	—	—	—	—	—	**126,003**
Depreciation charge (Note 9)	**(9,304)**	**(123,104)**	**(64,879)**	**(146,789)**	**(47,732)**	**(45,457)**	**(8,954)**	—	**(446,219)**
Closing net book amount	**157,732**	**4,755,623**	**1,875,380**	**649,702**	**209,024**	**591,872**	**38,195**	**3,490,376**	**11,767,904**
At 31 December 2015									
Cost	**307,320**	**6,327,937**	**2,333,855**	**2,736,389**	**754,549**	**1,018,097**	**93,291**	**3,490,376**	**17,061,814**
Accumulated depreciation	**(149,588)**	**(1,572,314)**	**(458,475)**	**(2,086,687)**	**(545,525)**	**(426,225)**	**(55,096)**	—	**(5,293,910)**
Net book amount	**157,732**	**4,755,623**	**1,875,380**	**649,702**	**209,024**	**591,872**	**38,195**	**3,490,376**	**11,767,904**

(a) Depreciation expenses have been charged to the consolidated income statement as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Cost of sales	**427,120**	401,572
Selling and administrative expenses	**19,099**	15,714
	446,219	417,286

(b) During the year ended 31 December 2015, the rental expenses for the leasing of certain machinery and property as included in the consolidated income statement amounted to approximately RMB123,988,000 (2014: RMB116,615,000) (Note 9).

(c) The merger of Commodity Trading Centre as described in Note 2.1 to the consolidated financial statements has increased the net book amount of the Group's machinery and equipment and transportation equipment as at 31 December 2014 by approximately RMB784,000 and RMB160,000 respectively.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Construction-in-progress mainly comprises buildings, terminal facilities and storage facilities under construction or pending installation.

(e) The Group entered into three lease agreements with a joint venture, QQCT, in year 2000, 2003 and 2006, respectively. According to the agreements, the Group leased certain buildings, terminal facilities, storage facilities, machinery and equipment (collectively the "port facilities") and land use rights in three batches to QQCT for a lease period of 30 years in order to provide QQCT with the land and facilities necessary to operate its container cargo handing business. The Group is also responsible for the maintenance of these port facilities. None of the leases includes contingent rentals. These leases are treated as operating leases as the risks and rewards incidental to ownership of the leased assets still retained by the Group. The total contract amount of RMB5,886 million have been received in full by April 2010 and recorded as deferred income (Note 31). The terms of these lease agreements have been determined by commercial negotiations among QDP and the other shareholders of QQCT based on their respective bargaining position to secure the full payments under the lease agreements as well as to compensate QDP for the significant expenditures incurred by QDP for the construction of the port facilities. The rental income is recognised on a straight-line basis over the terms of the lease and recorded as revenue in the consolidated income statement, and the revenue relating to maintenance is recognised when the maintenance service is rendered. The business tax and surcharges relating to the amounts received are recorded as taxes prepaid on port facilities rentals (as included in trade and other receivables), and will be charged to the consolidated income statement in line with the recognition of rental income.

The net carrying amount of port facilities leased out under the aforesaid arrangements as at 31 December 2015 and 2014, is analysed as below:

	2015	2014
	RMB'000	RMB'000
Buildings	**24,333**	25,659
Terminal facilities	**1,709,660**	1,764,820
Storage facilities	**737,713**	758,355
Machinery and equipment	**8**	8
	2,471,714	2,548,842

(f) During the year ended 31 December 2015, the Group has capitalised borrowings costs amounting to approximately RMB12,336,000 (2014: RMB6,249,000) on qualifying construction-in-progress. Borrowings costs were capitalised at the weighted average rate of its general borrowings of 5.8% (2014: 6.47%).

19. INVESTMENT PROPERTIES

	2015 RMB'000	2014 RMB'000
Cost		
At 1 January	**240,606**	232,467
Additions	—	8,139
Transfer from property, plant and equipment	**36,631**	—
Transfer to property, plant and equipment	**(136,959)**	—
At 31 December	**140,278**	240,606
Accumulated depreciation		
At 1 January	**(19,612)**	(10,481)
Depreciation charge (Note 9)	**(9,253)**	(9,131)
Transfer from property, plant and equipment	**(3,179)**	—
Transfer to property, plant and equipment	**10,956**	—
At 31 December	**(21,088)**	(19,612)
Net book value	**119,190**	220,994
Fair value at end of the year	**258,854**	259,042

(a) Depreciation expenses have been charged in "Cost of sales".

(b) The Group's investment properties are valued by Qingdao Hengyuande Real Estate Appraisal Ltd., an independent valuer. Valuations are based on income approach for industrial investment properties and market approach for commercial investment properties.

20. INTANGIBLE ASSETS

	Software RMB'000	Sea area use rights RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014				
Cost	23,399	—	51,101	74,500
Accumulated amortisation	(16,169)	—	(18,213)	(34,382)
Net book amount	7,230	—	32,888	40,118
Year ended 31 December 2014				
Opening net book amount	7,230	—	32,888	40,118
Additions	3,327	1,363	—	4,690
Acquisition of a subsidiary	737	35,951	—	36,688
Amortisation charge	(2,974)	(465)	(3,645)	(7,084)
Closing net book amount	8,320	36,849	29,243	74,412
At 31 December 2014				
Cost	27,463	37,314	51,101	115,878
Accumulated amortisation	(19,143)	(465)	(21,858)	(41,466)
Net book amount	8,320	36,849	29,243	74,412
Year ended 31 December 2015				
Opening net book amount	**8,320**	**36,849**	**29,243**	**74,412**
Additions	**5,557**	**9,396**	—	**14,953**
Amortisation charge	**(6,306)**	**(841)**	**(3,646)**	**(10,793)**
Closing net book amount	**7,571**	**45,404**	**25,597**	**78,572**
At 31 December 2015				
Cost	**33,020**	**46,710**	**51,101**	**130,831**
Accumulated amortisation	**(25,449)**	**(1,306)**	**(25,504)**	**(52,259)**
Net book amount	**7,571**	**45,404**	**25,597**	**78,572**

Amortisation expenses of approximately RMB7,532,000 (2014: RMB4,720,000) and RMB3,261,000 (2014: RMB2,364,000) have been charged in the "Cost of sales" and "Selling and administrative expenses" respectively in the consolidated income statement.

21. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables RMB'000	Financial assets at fair value through profit or loss RMB'000	Available-for-sale RMB'000	Total RMB'000
At 31 December 2015				
Assets as per balance sheet				
Available-for-sale financial assets	—	—	72,208	72,208
Trade and other receivables excluding non-financial assets	4,594,648	—	—	4,594,648
Cash and cash equivalents	4,760,409	—	—	4,760,409
Restricted bank deposits	434,144	—	—	434,144
Term deposits with initial term of over three months	2,361,578	—	—	2,361,578
Financial assets at fair value through profit or loss	—	200,000	—	200,000
Total	12,150,779	200,000	72,208	12,422,987

	Financial liabilities at amortised cost RMB'000
Liabilities as per balance sheet	
Borrowings	492,296
Trade and other payables excluding non-financial liabilities	10,542,094
Total	11,034,390

21. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Loans and receivables RMB'000	Available-for-sale RMB'000	Total RMB'000
At 31 December 2014			
Assets as per balance sheet, as restated			
Available-for-sale financial assets	—	72,208	72,208
Trade and other receivables excluding non-financial assets	2,725,422	—	2,725,422
Cash and cash equivalents	4,534,822	—	4,534,822
Restricted bank deposits	874,552	—	874,552
Term deposits with initial term of over three months	2,013,248	—	2,013,248
Total	10,148,044	72,208	10,220,252

	Financial liabilities at amortised cost RMB'000
Liabilities as per balance sheet, as restated	
Borrowings	188,261
Trade and other payables excluding non-financial liabilities	8,539,536
Total	8,727,797

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 RMB'000	2014 RMB'000
Equity investments, unlisted	**72,208**	72,208

Available-for-sale financial assets are all unlisted equity investment measured at cost and denominated in RMB. They mainly represent investments in Sinopec Qingdao Liquefied Natural Gas Co., Ltd., Shandong Binhai Hongrun Pipeline Logistics Co., Ltd., over which the Group has no control, joint control or significant influence. Management is of the opinion that the range of reasonable fair value estimate for the unlisted equity investments is significant and the probabilities of various estimates cannot be reasonably assessed. Accordingly, such financial assets are carried at cost less accumulated impairment losses, if any.

There is no movement in available-for-sale financial assets during the years ended 31 December 2015 and 2014.

23. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000 (Restated)
Trade receivables		
– third parties	**1,048,375**	1,037,005
– related parties (Note 38(b))	**275,944**	366,911
	1,324,319	1,403,916
Less: Provision for impairment	**(67,700)**	(12,167)
Trade receivables – net	**1,256,619**	1,391,749
Other receivables		
– third parties	**274,702**	261,075
– related parties (Note 38(b))	**152,109**	196,150
	426,811	457,225
Less: Provision for impairment	**(1,892)**	(1)
Other receivables – net	**424,919**	457,224
Loans advanced to related parties (Note 38(b))	**2,218,785**	155,080
Less: Provision for impairment	**(31,414)**	(1,560)
Loans advanced to related parties - net	**2,187,371**	153,520
Bill receivables (Note g)	**725,739**	722,929
Taxes prepaid on port facilities rentals (Note 18(e))	**203,277**	214,375
VAT recoverable (Note c)	**58,391**	33,659
Prepayments (Note b)	**120,473**	96,352
Trade and other receivables - net	**4,976,789**	3,069,808
Less: non-current portion		
– Taxes prepaid on port facilities rentals	**(191,983)**	(203,081)
– Prepayments (Note b)	**(72,368)**	(41,208)
– Loans advanced to related parties	**(1,677,272)**	(88,980)
– Other receivables	**(2,400)**	(2,403)
Non-current portion	**(1,944,023)**	(335,672)
Current portion	**3,032,766**	2,734,136

23. TRADE AND OTHER RECEIVABLES (Continued)

(a) The carrying amounts of trade and other receivables approximate their fair values and are mainly denominated in RMB.

(b) As of 31 December 2015 and 2014, current portion of prepayments are in connection with purchases of raw materials, while non-current portion of prepayments are in connection with purchases of property, plant and equipment and other long-term assets.

(c) Balance of VAT recoverable mainly represents the input VAT relating to purchases of materials and property, plant and equipment.

(d) In general, the Group grant a credit period of 30 to 90 days to its trade customers. At 31 December 2015 and 2014, ageing analysis of trade receivables based on the date of transactions is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Less than 3 months	**1,005,839**	991,255
3 to 6 months	**197,111**	233,216
6 to 12 months	**64,072**	117,054
1 to 2 years	**43,847**	49,595
2 to 3 years	**4,060**	3,947
Over 3 years	**9,390**	8,849
	1,324,319	1,403,916

As of 31 December 2015, the Group's trade receivables of approximately RMB1,005,839,000 (2014: RMB991,255,000) were neither past due nor impaired.

As of 31 December 2015, the Group's trade receivables of RMB250,780,000 (2014: RMB400,494,000) were past due but not impaired. These receivables relate to a number of customers for whom there is no recent history of default. The Directors are of the opinion that no provision for impairment is necessary as there has not been any significant change in credit quality of the counter-parties or the counter-parties have stored the goods as handled by the Group in the warehouses or storage area which are under the control of the Group and that the balances are still considered fully recoverable. The ageing analysis of these trade receivables is as follows:

	2015 RMB'000	2014 RMB'000
3 to 6 months	**179,306**	233,216
6 to 12 months	**32,886**	117,054
1 to 2 years	**35,788**	47,363
2 to 3 years	**2,326**	2,763
Over 3 years	**474**	98
	250,780	400,494

23. TRADE AND OTHER RECEIVABLES (Continued)

As of 31 December 2015, the Group's trade receivables of RMB67,700,000 (2014: RMB12,167,000) were impaired and fully provided for. The individually impaired trade receivables relate to customers that were in default in payments and no assets were being pledged by these customers to the Group as securities. The Directors are of the opinion that these balances cannot be recoverable. The ageing analysis of these impaired receivables is as follows:

	2015	2014
	RMB'000	RMB'000
3 to 6 months	17,805	—
6 to 12 months	31,186	—
1 to 2 years	8,059	2,232
2 to 3 years	1,734	1,184
Over 3 years	8,916	8,751
	67,700	12,167

(e) Movements on the provision for impairment of trade receivables, other receivables and loans advanced to related parties are as follows:

	2015	2014
	RMB'000	RMB'000
At 1 January	(13,728)	(10,681)
Provision for impairment	(87,278)	(4,054)
Unused amount reversed	—	1,007
At 31 December	(101,006)	(13,728)

The creation and release of provision for impaired receivables have been included in "Selling and administrative expenses" in the consolidated income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

(f) The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(g) As of 31 December 2015, the Group's bills receivables include discounted bills with right of recourse which could be exercised by the discounting financial institutions of approximately RMB309,385,000 (2014: Nil). The discount of these bills has been accounted for as the drawdown of current bank borrowings from the financial institutions.

As at 31 December 2015, bill receivables of approximately RMB62,732,000 (2014: Nil) have been pledged as securities for the Group's issuance of certain bank acceptance notes.

24. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**69,785**	114,388
Completed properties held for sale	**21,298**	44,769
	91,083	159,157
Less: Provision for inventories write-down	—	—
	91,083	159,157

The cost of inventories sold/consumed have been charged to the consolidated income statement as follows:

	2015 RMB'000	2014 RMB'000
Cost of sales	**201,707**	185,818
Selling and administrative expenses	**5,721**	7,440
	207,428	193,258

25. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2015 RMB'000	2014 RMB'000
Aggregate cost incurred plus recognised profit less recognised losses for ongoing contracts	**2,925,423**	1,990,218
Less: Progress billings	**(2,668,386)**	(1,949,130)
	257,037	41,088
Representing:		
Amounts due from customers for contract work	**257,037**	41,088

	2015 RMB'000	2014 RMB'000
Contract revenue recognised as revenue in year	**787,752**	723,436

26. BANK DEPOSITS AND CASH ON HAND

	2015 RMB'000	2014 RMB'000 (Restated)
Bank deposits		
– Term deposits with initial term of over three months	**2,361,578**	2,013,248
– Other bank deposits	**5,194,368**	5,409,164
Cash on hand	**185**	210
	7,556,131	7,422,622
Less: Restricted bank deposits (Note a)	**(434,144)**	(874,552)
Term deposits with initial term of over three months	**(2,361,578)**	(2,013,248)
Cash and cash equivalents	**4,760,409**	4,534,822
Cash and bank deposit balances are denominated in following currencies:		
– RMB	**7,411,568**	7,358,470
– US dollars	**101,131**	5,893
– HKD	**43,414**	58,259
– JPY	**18**	—
	7,556,131	7,422,622

(a) The restricted bank deposits included mandatory reserve deposit as placed with the People's Bank of China by Qingdao Finance and other bank deposits as secured for the issuance of certain bank acceptance notes.

(b) The conversion of RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(c) The maximum exposure to credit risk at each balance sheet date approximates the carrying amounts of the Group's bank deposits.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 31 December 2015, the Group has entered into a foreign exchange arrangement with a financial institution with notional principal amount of RMB200,000,000. Pursuant to the contracted terms of the arrangement, the Group has exchanged RMB200,000,000 into Euro and deposited the exchanged amount with the financial institution for a 7 days' period and the Group has to convert back the aforesaid Euro deposit into RMB at a predetermined exchange rate upon the maturity of the Euro deposit. Management has assessed and concluded that the fair value of the derivative component associated with the entire arrangement is insignificant and hence has accounted for the Euro deposit together with the associated derivative under the arrangement as financial assets at fair value through profit or loss. The Group has subsequently received RMB200,147,000 from the financial institution upon the maturity of the arrangement on 7 January 2016.

28. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Nominal value (RMB'000)
Registered, issued and fully paid as at 31 December 2015 and 2014:		
– Domestic shares of RMB1.00 each	3,922,179	3,922,179
– H shares of RMB1.00 each	856,025	856,025
	4,778,204	4,778,204

On 15 November 2013, the Company was incorporated with an initial registered capital of RMB4,000 million divided into 4,000 million shares with a nominal value of RMB1.00 each. QDP has subscribed 90% of the Company's registered capital and settled its capital contributions by cash and the injection of certain assets/liabilities relating to the principal operations and business of QDP to the Company. Shenzhen Malai Storage Co., Ltd., Qingdao Ocean Shipping Co., Ltd., China Shipping Terminal Development Co., Ltd., Everbright (Qingdao) Financial Leasing Co., Ltd. and Qingdao International Investment Co., Ltd., together as the promoters of the Company, injected cash to the Company and accounted for 2.8%, 2.4%, 2.4%, 1.2% and 1.2% shareholdings in the Company, respectively. The share premium arising from the initial capital contributions amounted to approximately RMB7,835.9 million.

The Company's H shares were listed on the Hong Kong Stock Exchange on 6 June 2014 and 705.8 million new H shares with a nominal value of RMB1.00 each were issued to the investors by way of the Hong Kong Public Offering and the International Offering at HKD3.76 (equivalent to approximately RMB2.98) each. On 2 July 2014, the Company exercised the over-allotment option and 72.4 million H shares with a nominal value of RMB1.00 each were issued at HKD3.76 (equivalent to approximately RMB2.99) per share. The Company raised proceeds of approximately RMB2,325.5 million (HKD2,926.0 million) from the issuance of 778.2 million new H shares and incurred shares issue expenses of approximately RMB128.0 million, of which approximately RMB113.4million was capitalised and deducted from share premium. The net proceeds raised from the issue of H shares were credited to paid-up share capital and share premium which amounted to approximately RMB778.2 million and RMB1,433.9 million respectively.

In connection with the issuance of new shares and the exercise of the over-allotment option by the Company, 77.8 million domestic shares (10% of the number of new shares issued) were converted into H shares and transferred to the National Council for Social Security Fund of the PRC which were sold as part of the Hong Kong Public Offering and the International Offering.

As a result, the registered shares of the Company increased from 4,000 million shares to 4,778.2 million shares, comprising 3,922.2 million domestic shares and 856.0 million H shares, representing approximately 82.1% and 17.9% of the registered capital, respectively.

29. OTHER RESERVES

(a) Reversal of revaluation surplus

As required by the relevant PRC rules and regulations with respect to the Reorganisation as mentioned in Note 1 and the establishment of the Company, all the Company's assets and liabilities were revalued by independent valuers registered in the PRC. As a result of this revaluation, the Company has an asset revaluation surplus of approximately RMB4,830 million. Such asset revaluation surplus is not recognised in the Group's consolidated financial statements prepared in accordance with IFRS because the assets and liabilities are recorded at predecessor cost. The aforementioned reversal, net of the related deferred income tax, has been debited to the Group's capital reserve.

(b) Statutory reserve fund

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to appropriate 10% of its profit after tax as determined in accordance with PRC GAAP and regulations applicable to the Company, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the year ended 31 December 2015, the Board of Directors has proposed the appropriation of 10% of the Company's profit after tax of approximately RMB148,077,000 (2014: RMB127,420,000) to the Company's statutory surplus reserve fund.

(c) General reserves

Pursuant to Caijin [2012] No. 20 "Requirements on Impairment Allowance for Financial Institutions" ("Requirement"), issued by the Ministry of Finance, in addition to the impairment allowance, Qingdao Finance establishes a general reserve within the equity attributable to owners through the appropriation of profit to address unidentified potential impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the Requirement, and the minimum threshold can be accumulated over a period of no more than five years.

During the year ended 31 December 2015, Qingdao Finance has appropriated 0.5% of the aggregate amount of risk assets to the general reserve which amounted to approximately RMB44,563,000 (2014: RMB33,107,000).

30. BORROWINGS

	2015 RMB'000	2014 RMB'000
Unsecured bank borrowings		
– non-current	**160,721**	82,011
– current	**331,575**	106,250
	492,296	188,261

At 31 December 2015, the Group's borrowings were repayable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	**331,575**	106,250
Between 1 and 2 years	**23,330**	78,750
Between 2 and 5 years	**137,391**	3,261
	492,296	188,261

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2015 RMB'000	2014 RMB'000
6 months or less	**182,911**	188,261

The carrying amounts of the Group's current borrowings approximate their fair value, as the impact of discounting is not significant. All of the Group's non-current borrowings bear market floating interest rates and hence the carrying amounts of which approximate their fair values.

The Group's borrowings are all denominated in RMB.

As at 31 December 2015, the Group has the following undrawn borrowing facilities:

	2015 RMB'000	2014 RMB'000
Floating rate:		
– expiring within one year	**6,190,615**	4,518,864

31. DEFERRED INCOME

	2015 RMB'000	2014 RMB'000 (Restated)
Port facilities rental income (Note 18(e))	**3,698,992**	3,910,078
Less: current portion	**(207,171)**	(211,086)
	3,491,821	3,698,992
Government grants in connection with		
– purchases/construction of property, plant and equipment	**145,384**	149,298
– other grants	**6,158**	—
	151,542	149,298
Non-current portion	**3,643,363**	3,848,290

32. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS

The Group provided supplementary pension subsidies and post-employment medical benefits to its employees retired prior to 31 December 2015 which are considered to be defined benefit plans. In addition, termination and early retirement benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The amounts of early retirement and supplemental benefit obligations recognised in the balance sheet are determined as follows:

	2015	2014
	RMB'000	RMB'000
Balance sheet obligations for:		
Early retirement (Note a)		
Present value of early retirement obligations	**132,520**	182,700
Less: current portion	**(17,550)**	(21,900)
Non-current portion	**114,970**	160,800
Supplemental benefit obligations (Note b)		
Present value of supplemental benefit obligations	**2,840,710**	2,705,710
Less: current portion	**(109,250)**	(109,360)
Non-current portion	**2,731,460**	2,596,350
Total non-current portion	**2,846,430**	2,757,150
Income statement charge:		
Early retirement and supplemental benefit obligations (Note 10)	**85,610**	183,660
– Early retirement	**(24,650)**	(6,260)
– Supplemental benefit obligations	**110,260**	189,920
Other comprehensive income:		
Remeasurement of supplemental benefit obligations		
– Losses from change in actuarial assumptions	**129,360**	171,490

32. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

The movement in early retirement and supplemental benefit obligations during the year is as follows:

(a) Early retirement

	2015 RMB'000	2014 RMB'000
At 1 January	**182,700**	216,783
Interest cost	**6,450**	9,140
Present value of early retirement benefit obligations for new participants during the year	**15,350**	10,260
Immediate recognition of gains of early retirement benefit obligations	**(46,450)**	(25,660)
Benefits paid	**(25,530)**	(27,823)
At 31 December	**132,520**	182,700

(b) Supplemental benefit obligations

	2015 RMB'000	2014 RMB'000
At 1 January	**2,705,710**	2,449,495
Interest cost	**106,040**	113,860
Current service cost	**4,220**	76,060
Remeasurements:		
Losses from change in actuarial assumptions	**129,360**	171,490
Benefits paid	**(104,620)**	(104,945)
Transfer	**—**	(250)
At 31 December	**2,840,710**	2,705,710

The above obligations were determined based on actuarial valuations performed by an independent actuary, Towers Watson, Beijing, using the projected unit credit actuarial cost method.

32. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

The total charges were included in "Selling and administrative expenses".

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate - early retirement	**3.00%**	3.75%
Discount rate - supplemental benefit	**3.25%**	4.00%
Salaries and welfare growth rate - early retirement	**10%**	10% - 12%
Jinglao allowance growth rate - supplemental benefit	**5%**	5%
Fushou allowance growth rate - supplemental benefit	**3%**	3%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics by China Life Annuitant Mortality Table 2000-2003. These assumptions are as follows:

	2015	2014
Early retirement obligations		
Average age	**53.2**	52.6
Average expected future time till legally retirement	**5.6**	6.2
Supplemental benefit obligations		
Average age	**64.0**	63.2
Average expected future lifetime	**20.7**	21.3
Average future working years for active employees	**—**	0.5

As at 31 December 2015, the sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate - early retirement	0.25%	Decrease by 1.78%	Increase by 1.85%
Discount rate - supplemental benefit	0.25%	Decrease by 3.86%	Increase by 4.06%
Salaries and welfare growth rate - early retirement	1%	Increase by 6.50%	Decrease by 5.81%
Jinglao allowance growth rate - supplemental benefit	1%	Increase by 7.14%	Decrease by 5.94%
Fushou allowance growth rate - supplemental benefit	1%	Increase by 5.29%	Decrease by 4.23%

32. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the financial periods) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

As at 31 December 2015 and 2014, expected maturity analysis of undiscounted early retirement and supplemental benefit obligations is as below:

	Less than a year RMB'000	**Between 1 - 2 years RMB'000**	**Between 2 - 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
As at 31 December 2015					
Early retirement obligations	**17,550**	**15,690**	**34,000**	**100,450**	**167,690**
Supplemental benefit obligations	**109,250**	**112,010**	**355,510**	**4,228,930**	**4,805,700**
Total	**126,800**	**127,700**	**389,510**	**4,329,380**	**4,973,390**

	Less than a year RMB'000	Between 1 - 2 years RMB'000	Between 2 - 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2014					
Early retirement obligations	22,680	20,690	49,780	157,780	250,930
Supplemental benefit obligations	126,540	132,330	416,120	5,091,190	5,766,180
Total	149,220	153,020	465,900	5,248,970	6,017,110

33. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000 (Restated)
Trade payables		
– third parties	**1,014,862**	554,523
– related parties (Note 38(b))	**324,698**	319,585
	1,339,560	874,108
Advances from customers		
– third parties	**96,452**	67,381
– related parties (Note 38(b))	**4,323**	5,049
	100,775	72,430
Bills payable	**402,427**	1,241,052
Warranties	**1,958**	2,638
Payables for purchases of property, plant and equipment	**1,206,169**	1,317,675
Other taxes payables	**35,629**	41,261
Salary, bonus and staff welfare benefits payable	**85,684**	75,075
Amounts due to related parties (Notes b and 38(b))	**6,280,642**	3,883,889
Other payables and accruals		
– third parties	**281,046**	330,658
– related parties (Note 38(b))	**1,032,250**	892,154
	1,313,296	1,222,812
Trade and other payables	**10,766,140**	8,730,940
Less: non-current portion	**(547,041)**	(55,618)
Current portion	**10,219,099**	8,675,322

33. TRADE AND OTHER PAYABLES (Continued)

(a) Ageing analysis of the trade payables based on the date of transactions as at 31 December 2015 and 2014 is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Less than 1 year	**1,268,139**	821,679
1 to 2 years	**63,526**	52,427
2 to 3 years	**7,895**	2
	1,339,560	874,108

(b) The amounts represent the surplus cash of the Group's joint ventures, associate, QDP and its subsidiaries being deposited with Qingdao Finance as mentioned in Note 5 to the consolidated financial statements. The amounts due to related parties are unsecured, bear interests at floating rates and repayable on demand.

(c) Pursuant to agreements as entered into between the Company and QDP, QDP has arranged the Company to settle the early retirement and supplemental benefit payments to the existing employees of Qingdao Shihua, Qingdao Fuwai Hospital of Cardiovascular Disease Co., Ltd. (a subsidiary of QDP) and Dongjiakou Branch of QDP on their behalf with effect from the date of the agreements. QDP has to settle amounts of RMB63,990,000 (determined by reference to an actuarial valuation report issued by Towers Watson, Beijing) to the Company in advance as the consideration for the Company to take up the payment obligations. QDP has already fully settled the aforesaid consideration by offsetting same amount against its receivable due from the Group. As of 31 December 2015, the outstanding payment obligations being taken up by the Group amounted to approximately RMB59,009,000 (2014: RMB55,840,000) and are included as other payables to related parties. The portion to be settled by the Group within the next twelve months from the balance sheet date amounted to approximately RMB3,080,000 (2014: RMB2,860,000) and the remaining portion of approximately RMB55,929,000 (2014: RMB52,980,000) has been classified as non-current other payables to related parties.

(d) Except for an amount of other payable to QDP of approximately RMB489,154,000 as at 31 December 2015 (2014: Nil) is repayable before 31 December 2017, other payables to related parties are unsecured, interest free and have no fixed terms of repayment.

34. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2015 RMB'000	2014 RMB'000
Deferred income tax assets		
– to be recovered within 12 months	**35,831**	61,654
– to be recovered after more than 12 months	**841,320**	846,474
	877,151	908,128
Deferred income tax liabilities		
– to be settled within 12 months	**(497)**	—
– to be settled after more than 12 months	**(19,364)**	(19,861)
	(19,861)	(19,861)
Deferred income tax assets (net)	**857,290**	888,267

The gross movement on the deferred income tax account is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**888,267**	936,694
Income statement charge (Note 14(a))	**(30,977)**	(50,902)
Credited directly to equity	—	22,336
Acquisition of a subsidiary	—	(19,861)
At 31 December	**857,290**	888,267

34. DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Unrealised profit from inter-company sales RMB'000	Impairment losses and others RMB'000	Early retirement benefits RMB'000	Accrued expenses RMB'000	Assets revaluation surplus (Note) RMB'000	Others RMB'000	Total RMB'000
Deferred income tax assets							
As at 1 January 2014	9,919	2,670	54,196	14	870,070	—	936,869
(Charged)/credited to the income statement	11,421	372	(8,522)	645	(54,775)	(218)	(51,077)
Credited directly to equity	—	—	—	—	11,825	10,511	22,336
As at 31 December 2014	21,340	3,042	45,674	659	827,120	10,293	908,128
(Charged)/credited to the income statement	4,624	18,841	(12,544)	(170)	(41,309)	(419)	(30,977)
As at 31 December 2015	25,964	21,883	33,130	489	785,811	9,874	877,151

Note:

As required by the relevant PRC rules and regulations with respect to the Reorganisation and the establishment of the Company, all the Company's assets and liabilities were revalued by independent valuers registered in the PRC. As a result of this revaluation, the Company has an asset revaluation surplus of approximately RMB4,830 million. Such asset revaluation surplus is not recognised in the Group's consolidated financial statements prepared in accordance with IFRS because the assets and liabilities are recorded at predecessor cost. As the Group did not recognise the aforesaid asset revaluation surplus in the consolidated financial statements, a deferred income tax asset of approximately RMB875,995,000 relating to the revaluation surplus, is resulted and credited to capital reserve in 2013. With the disposal of the joint venture as described in Note 8, the Group had recognised deferred income tax assets of approximately RMB11,825,000 during the year ended 31 December 2014 in respect of the revaluation surplus as recognised by the Group on the joint venture to be disposed. In the opinion of the Directors, the deferred income tax asset relating to the revaluation surplus of the remaining investments in joint ventures and an associate will not reverse in the foreseeable future and the relevant deferred income tax asset of RMB319,680,000 has not been recognised. Recognised deferred income tax asset is charged to taxation during each year based on the depreciation and amortisation charges on the asset revaluation surplus.

	Interest receivables RMB'000	Business combinations RMB'000	Total RMB'000
Deferred income tax liabilities			
As at 1 January 2014	(175)	—	(175)
Credited to the income statement	175	—	175
Acquisition of a subsidiary	—	(19,861)	(19,861)
As at 31 December 2014 and 2015	—	(19,861)	(19,861)

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2015 RMB'000	2014 RMB'000 (Restated)
Profit before income tax	**2,443,067**	2,016,347
Adjustments for:		
– Depreciation of property, plant and equipment (Note 18)	**446,219**	417,286
– Depreciation of investment properties (Note 19)	**9,253**	9,131
– Amortisation of land use rights (Note 17)	**8,001**	12,233
– Amortisation of intangible assets (Note 20)	**10,793**	7,084
– Amortisation of other non-current assets	**17,123**	13,123
– Recognition of deferred income	**(216,172)**	(220,175)
– Gains on disposals of property, plant and equipment (Note 7)	**(6,439)**	(32,128)
– Share of post-tax profit from joint ventures (Note 13(a))	**(673,442)**	(611,033)
– Share of post-tax profit from an associate (Note 13(b))	**(1,148)**	(895)
– Gains from disposal of a joint venture (Note 8)	**(153,157)**	—
– Income from wealth-management products (Note 6)	**(15,382)**	(6,639)
– Provisions for impairment of trade and other receivables - net	**87,278**	3,047
– Finance costs	**42,661**	11,700
– Interest income from loans advanced to related parties (Note 6)	**(34,700)**	(1,279)
– Interest cost of retirement benefits (Note 32)	**112,490**	123,000
– Current service cost of retirement benefits (Note 32)	**19,570**	86,320
– Immediate recognition of gains of early retirement benefit obligations (Note 32)	**(46,450)**	(25,660)
– Benefits paid (Note 32)	**(130,150)**	(132,768)
– Interest income on term deposits with initial term of over three months and deposits with banks	**(212,516)**	(83,225)
– Foreign exchange (gains)/losses - net	**(4,376)**	5,132
Changes in working capital:		
– Inventories	**68,074**	45,568
– Amounts due from customers for contract work	**(215,949)**	124,948
– Trade and other receivables	**(250,864)**	(1,013,768)
– Trade and other payables	**553,459**	397,022
Cash generated from operations	**1,857,243**	1,144,371

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) In the consolidated statements of cash flows, proceeds from sales of property, plant and equipment comprise:

	2015 RMB'000	2014 RMB'000
Net book amount (Note 18)	**41,589**	456,440
Transfer to Qingdao Haiye Mercuria Logistics Co., Ltd. ("Mercuria Logistics") (Note)	**—**	(412,281)
Capital contribution to a joint venture	**—**	(24,976)
Net book amount of property, plant and equipment disposed of with expected cash inflows	**41,589**	19,183
Gains on disposals of property, plant and equipment (Note 7)	**6,439**	32,128
Realisation of unrealised profit on disposals of property, plant and equipment (as included in gains on disposals)	**(13,282)**	(13,281)
	(6,843)	18,847
Cash received for prior year disposal transactions	**15,523**	23,900
Bills receivables collected from the disposal transactions	**(31,849)**	—
Cash proceeds in connection with disposals of property, plant and equipment	**18,420**	61,930

Note: In 2014, the Company had transferred certain property, plant and equipment with carrying amount of approximately RMB412,281,000 to Mercuria Logistics pursuant to an entrusted construction agreement as entered into between the Company and Mercuria Logistics (the "Transfer"). On 23 May 2014, the Company had acquired 51% equity interest in Mercuria Logistics through the waiver of a portion of the consideration receivable of approximately RMB273,278,000 in respect of the Transfer and obtained the control over Mercuria Logistics since then. The remaining portion of the consideration remained unsettled as of 31 December 2015 and that portion of this intra-group consideration receivable of approximately RMB139,003,000 has been eliminated in these consolidated financial statements.

(c) Major non-cash transaction

(i) During the year ended 31 December 2015, the bills receivables as collected from the Group's customers or related companies as their settlements of the amounts due to the Group amounted to approximately RMB4,087,483,000 (2014: RMB3,334,481,000).

(ii) During the year ended 31 December 2015, bills receivables as collected from the Group's customers or related companies, among which approximately RMB2,583,235,000 (2014: RMB2,005,798,000) have been transferred to certain of the Group's contractors, suppliers or service providers as the Group's settlements for the property, plant and equipment, materials or services as constructed or supplied by these counter-parties. In addition, bills receivables of approximately RMB501,641,000 (2014: Nil) have been endorsed for the settlement of dividends to QDP.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Major non-cash transaction (Continued)

(iii) As of 31 December 2015, the bills payable as issued by the Group for the settlements of its constructions/purchases of property, plant and equipment or purchases of raw materials for contract or maintenance works amounted to approximately RMB402,427,000 (2014: RMB1,241,052,000).

(iv) As of 31 December 2015, the bills receivables as collected from Rizhao Port in respect of the disposal of the equity interest in Riqing Container as mentioned in Note 8 amounted to approximately RMB319,000,000 (2014: Nil).

(v) Discounted bills with rights of resource which could be excercised by the discounting financial institutions of approximately RMB76,000,000 (2014: Nil) have been matured during the year ended 31 December 2015.

36. BUSINESS COMBINATION

(a) In May 2014, the Company completed the acquisition of Dongjiakou Operation II and certain other assets from QDP at the consideration of approximately RMB550.41 million and RMB188.31 million, respectively. The acquisition of Dongjiakou Operation II was regarded as a business combination under common control. The acquisition of the other assets was accounted for as an acquisition of assets and the consideration was recorded as the cost of assets to the Group. The Company adopts predecessor accounting for common control combination in respect of the acquisition of Dongjiakou Operation II.

The consolidated balance sheet as at 31 December 2013 has been restated in the prior year and to include the property, plant and equipment and trade and other receivable associated with the Dongjiakou Operation II of RMB536,112,000 and RMB903,000 respectively, with a corresponding credit to the capital reserve of RMB537,015,000.

The legal completion for the acquisition of the Dongjiakou Operation II was completed on 8 May 2014 (the"legal completion date") and the Company has settled the consideration for the acquisition of the Dongjiakou Operation II of RMB550,409,000 to QDP in full in December 2014. The consideration being settled by the Group of RMB550,409,000 and the difference of the net assets value of Dongjiakou Operation II of RMB17,546,000 during the period from 1 January 2014 to the legal completion date, with a total amount of RMB567,955,000 was deemed as a distribution to QDP during the year ended 31 December 2014.

(b) As mentioned in Note 2, the Company has completed the acquisition of Commodity Trading Center in April 2015 which was regarded as a business combination under common control and the Company has adopted predecessor accounting for this business combination under common control. The consideration being settled by the Group for the acquisition of RMB15,312,000 was deemed as a distribution to QDP during the year ended 31 December 2015.

(c) As mentioned in Note 2, the Group has acquired Qingdao Port International Development from QDP at the consideration of approximately RMB31,180,000 according to the agreement entered with QDP in July 2015 (Note 2.1).

37. COMMITMENTS

(a) Capital commitments

The Group's capital expenditure contracted for but not yet incurred at the end of the year is as follows:

	2015	2014
	RMB'000	RMB'000
Property, plant and equipment	**462,438**	378,197

(b) Capital commitments - joint ventures and associates

The Group's share of capital expenditure as contracted for but not yet incurred by joint ventures and associates at the end of the year is as follows:

	2015	2014
	RMB'000	RMB'000
Property, plant and equipment	**738,462**	46,773

(c) Investment commitments

According to the relevant agreements, the Group have the following investment commitments contracted for but not incurred at the end of the year:

	2015	2014
	RMB'000	RMB'000
Joint ventures and associates	**92,500**	180,100

(d) Operating lease commitments- the Group as lessee

The Group leases various offices, yard and machineries under non-cancellable operating lease agreements with terms between 1 and 5 years and the majority of lease agreements are renewable at the end of lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	RMB'000	RMB'000
No later than 1 year	**30,449**	81,353
1 to 2 years	**8,449**	—
2 to 3 years	**8,449**	—
Over 3 years	**14,786**	—
	62,133	81,353

37. COMMITMENTS (Continued)

(e) Credit commitments

As of 31 December 2015, QDP and its fellow subsidiaries and other related parties have issued bills payable through Qingdao Finance with an aggregated nominal amount of approximately RMB192,235,000 (2014: Nil) in respect of their purchases of raw materials and equipment from third party suppliers. For Qingdao Finance to issue these bills payable, QDP and the fellow subsidiaries have to back-to-back place cash deposits with the same amounts with Qingdao Finance as the securities for the issue of those bills payable and Qingdao Finance will settle the related purchase amounts directly to the third party customers upon the maturity of the aforesaid bills payable.

In addition, the Group has entered into certain sales agreements with related parties for the construction of certain port related equipment. Some of these related parties have requested the Group to issue letters of guarantee to ensure the full performance of the related sales contracts in accordance with the terms and conditions therein. As of 31 December 2015, the amounts as involved in the letters of guarantee issued by Qingdao Finance for the aforesaid purpose amounted to approximately RMB49,131,000 (2014: Nil).

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The Group is controlled by QDP, the parent company and a state-owned enterprise established in the PRC. QDP is subject to the control of the PRC government. The Directors regard Qingdao SASAC as the ultimate controlling party.

In accordance with IAS 24 "Related party disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government are regarded as related parties of the Group ("other government-related entities"). For the purpose of related party disclosures, the Group has in place procedures to identify the immediate ownership structure of its customers and suppliers to determine whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, the Directors believe that meaningful information relating to related party transactions has been adequately disclosed.

In addition to those mentioned elsewhere in the consolidated financial statements, the following are the significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other government-related entities:

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

	2015	2014
	RMB'000	RMB'000
(1) With fellow subsidiaries		
Purchases of property, plant and equipment and intangible assets	**140,837**	—
Provision of construction and other services	**152,723**	136,201
Consideration for the acquisition of Commodity Trading Center	**15,312**	—
Purchases of goods or services	**22,592**	46,060
Payment for operating lease rentals	**19,652**	19,505
Sales of goods	**3,678**	3,552
Interest expenses	**3,847**	1,431
Amounts received for entrusted construction projects	**—**	47,978
(2) With an associate:		
Provision of construction and other services	**40,295**	26,283
Interest expenses	**489**	179
Sales of goods	**331**	145
Purchases of goods or services	**1,030**	—
(3) With joint ventures:		
Purchases of goods or services	**784,218**	529,619
Provision of construction/other services and miscellaneous income	**816,636**	381,751
Sales of goods	**289,845**	285,550
Income for rental of property, plant and equipment	**252,980**	231,018
Loans advanced to related parties	**988,700**	66,100
Loans repaid by related parties	**198,140**	—
Port construction levies, harbor dues and port facility security fees (ii)		
– collected on behalf of joint ventures	**398,382**	—
– reimbursed to joint ventures	**393,441**	—
Amounts paid on behalf of joint ventures for entrusted construction projects	**61,024**	64,068
Amounts received from joint ventures for entrusted construction projects	**97,141**	110,386
Sales of property, plant and equipment	**32,531**	—
Interest expenses	**14,524**	2,885
Interest income	**13,494**	247

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

		2015	2014
		RMB'000	RMB'000
(4)	**With other related parties:**		
	Purchases of goods or services	**271,499**	324,190
	Provision of construction/other services and miscellaneous income	**320,050**	224,009
	Port construction levies, harbor dues and port facility security fees (ii)		
	– collected on behalf of related parties	**193,428**	—
	– reimbursed to related parties	**184,967**	—
	Loans advanced to related parties	**1,272,728**	88,980
	Amounts paid on behalf of related parties for entrusted construction projects	**71,833**	53,442
	Amounts received from related parties for entrusted construction projects	**53,871**	34,219
	Sales of goods	**6,576**	12,546
	Income for rental of property, plant and equipment	**9,252**	3,852
	Interest income	**21,206**	1,032
	Interest expenses	**2,089**	96
	Loans repaid by related parties	**980**	—
(5)	**With QDP:**		
	Amounts received from QDP for entrusted construction projects	**449,889**	966,618
	Amounts paid on behalf of QDP for entrusted construction projects	**576,433**	617,446
	Purchases of goods or services	—	238,136
	Purchases of assets	**68,621**	188,308
	Provision of construction and other services	**40,319**	187,563
	Payment for operating lease rentals	**63,768**	62,550
	Sales of goods	**1,693**	25,633
	Sales of assets	—	13,139
	Interest expenses	**10,383**	3,696

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

(i) The transactions with related parties are carried out on pricing and settlement terms as agreed with counter parties in the ordinary course of the Group's business.

(ii) With effect from 1 January 2015, a subsidiary of the Company starts to assist a joint venture and its related parties which engaged in container handling businesses to collect port construction levies, harbour dues and port facility security fees (only in connection with those export throughput) from their customers. The subsidiary will reimburse the entire amounts as collected from the customers to the joint venture and its related companies in due course. No service fee has been charged by the Group in respect of these services rendered to the joint venture and its related companies. During the year ended 31 December 2015, the total amounts of port construction levies, harbour dues and port facility security fees as collected on behalf of and reimbursed to the joint venture and its related parties amounted to approximately RMB591,810,000 (2014: Nil) and RMB578,408,000 (2014: Nil) respectively.

All the related parties receivable/payable balances associated with the collection of port construction levies, harbor dues and port facility security fees are unsecured, interest free and have no fixed terms of repayment.

(iii) During the year ended 31 December 2015, QDP and joint ventures of the Group have entrusted Qingdao Finance to advance loans to certain joint ventures and their related parties with an aggregate principal amounts of approximately RMB1,688,343,000 (2014: Nil) ("entrusted loans") and these entrusted loans are maturing from one year to ten years. As at 31 December 2015, the principal amounts of the unsettled entrusted loans amounted to approximately RMB1,388,343,000 (2014: Nil). As Qingdao Finance does not assume the risks and rewards associated with these entrusted loans, the entrusted loans are considered as off-balance sheet items and therefore the corresponding receivable and payable balances have not been recognised in these consolidated financial statements. The Directors consider that these entrusted loans arrangements will not expose the Group to any significant credit risk.

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	2015 RMB'000	2014 RMB'000
Trade and other receivables		
Trade receivables due from		
– QDP	**19,135**	46,843
– Fellow subsidiaries	**118,811**	44,780
– Joint ventures	**101,832**	225,601
– An associate	**1,053**	—
– Others (i)	**35,113**	49,687
	275,944	366,911
Other receivables due from		
– QDP	**980**	—
– Fellow subsidiaries	**478**	626
– Joint ventures	**38,616**	99,818
– An associate	**85**	—
– Others (i)	**111,950**	95,706
	152,109	196,150
Loans advanced to related parties (ii)		
– Joint ventures	**858,057**	66,100
– Others (i)	**1,360,728**	88,980
	2,218,785	155,080

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

	2015	2014
	RMB'000	RMB'000
		(Restated)
Trade and other payables		
Trade payables due to		
– Fellow subsidiaries	**1,482**	21,339
– Joint ventures	**288,249**	264,855
– An associate	**317**	—
– Others (i)	**34,650**	33,391
	324,698	319,585
Advances from customers		
– Fellow subsidiaries	**2,177**	—
– Joint ventures	**2,113**	2,614
– An associate	**33**	2,422
– Others (i)	**—**	13
	4,323	5,049
Amounts due to related parties (Note 33(b))		
– QDP	**4,455,663**	2,635,811
– Fellow subsidiaries	**464,494**	350,968
– An associate	**34,691**	23,055
– Joint ventures	**1,024,444**	860,312
– Others (i)	**301,350**	13,743
	6,280,642	3,883,889
Other payables due to		
– QDP (iii)	**852,811**	876,376
– Fellow subsidiaries (iii)	**154,967**	376
– An associate	**113**	144
– Joint ventures	**16,391**	14,536
– Others (i)	**7,968**	722
	1,032,250	892,154

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

(i) The Group's director, Cheng Xinnong, is also the director of Qingdao New Qianwan Container Terminal Co., Ltd. ("QQCTN", a subsidiary of the Group's joint venture, QQCT), Qingdao Qianwan United Container Terminal Co., Ltd. ("QQCTU", a joint venture of QQCTN), and Qingdao Qianwan United Advance Container Terminal Co., Ltd. ("QQCTUA", a joint venture of QQCTU). The Directors of the Company consider that the Company has significant influence over those companies and regard them to be related parties of the Group.

China Ocean Shipping Tally Co., Ltd (the "China OST") is the minority shareholder of Qingdao OST, a significant subsidiary of the Company. The Directors of the Company consider China OST's parent group to be related parties of the Group.

(ii) Loans advanced to related parties represent the loans as advanced by Qingdao Finance to several of the Group's joint ventures and related companies.

(iii) Other payables due to QDP and fellow subsidiaries as at 31 December 2015 mainly represent the cash advance from QDP and a fellow subsidiary pursuant to the respective entrusted construction agreements.

(c) Transactions and balances with other government-related entities

The Group provides services to, purchase materials, equipments and subcontracting services from other government-related entities. These transactions are carried out on terms as agreed with the respective counter parties in the ordinary course of the Group's business.

The Group places deposits with mainly state-owned financial institutions. The deposits are in accordance with terms as set out in the respective agreements, and the interest rates are set at prevailing market rates.

	2015	2014
	RMB'000	RMB'000
Transactions with other government-related entities:		
– Interest from bank deposits	**7,464**	11,106
– Interest on bank borrowings	**11,060**	11,588
– Purchases of wealth-management products	**500,000**	—

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions and balances with other government-related entities (Continued)

	2015 RMB'000	2014 RMB'000
Balances with other government-related entities:		
– Short term bank deposits	**698,928**	59,054
– Term deposits with initial term of over three months	—	11,248
	698,928	70,302

(d) Key management compensation

Key management includes directors, supervisors and secretary of the board of the Company. The compensation paid or payable to key management for employee services is shown below:

	2015 RMB'000	2014 RMB'000
Salary, housing allowances and other allowances	**2,666**	1,833
Supplemental benefits	**264**	195
Discretionary bonuses	**1,496**	724
	4,426	2,752

39. DETAILS OF PRINCIPAL SUBSIDIARIES

As at 31 December 2015, the Company has direct and indirect interests in the following subsidiaries, all of which are unlisted, and established and operating in the PRC:

Name	Place of incorporation	Type of legal entity	Registered and fully paid capital (in thousand)	Proportion of shares held by the Company: Directly held (%)	Proportion of shares held by the Company: Indirectly held (%)	Proportion of original shares held by non-controlling interests	Principal activities
Qingdao Yongli Insurance Agent Co., Ltd.	The PRC	Limited liability company	RMB5,000	90	10	—	Insurance agency services
Qingdao Port International Cargo Logistics Co., Ltd.	The PRC	Limited liability company	RMB175,000	100	—	—	Logistics services
Qingdao Hongyu Cargo Agency Co., Ltd.	The PRC	Limited liability company	RMB500	100	—	—	Cargo agency services
Qingdao Jieshun Customs Broker Co., Ltd.	The PRC	Limited liability company	RMB1,500	100	—	—	Customs broker services
Qingdao Ocean Shipping Repair Co., Ltd. (i)	The PRC	Limited liability company	RMB2,850	100	—	—	Shipping repair services
Qingdao Port Engineering (i)	The PRC	Limited liability company	RMB60,000	100	—	—	Engineering and construction
Qingdao OST	The PRC	Limited liability company	RMB1,990	84	—	16	Ocean shipping tally services
Qingdao Gangjia Logistics Co., Ltd.	The PRC	Limited liability company	RMB5,000	51	—	49	Logistics services
Qingdao Bonded Port Area Gangrong Storage Center Co., Ltd.	The PRC	Limited liability company	RMB3,000	100	—	—	Storage services
Qingdao Port International Travel Agency Co., Ltd.	The PRC	Limited liability company	RMB3,500	94.29	—	5.71	Travel agency
Qingdao Port Passenger Terminal Duty Free Merchandise Co., Ltd. (i)	The PRC	Limited liability company	RMB522	100	—	—	Sales of duty free merchandise
Datang Qingdao Port Co., Ltd.	The PRC	Limited liability company	RMB310,200	51	—	49	Cargo handling services
Qingdao Finance	The PRC	Limited liability company	RMB1,000,000	70	—	30	Financial services

39. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation	Type of legal entity	Registered and fully paid capital (in thousand)	Proportion of shares held by the Company: Directly held (%)	Proportion of shares held by the Company: Indirectly held (%)	Proportion of original shares held by non-controlling interests	Principal activities
Qingdao Mercuria Oil Terminal Co., Ltd.	The PRC	Limited liability company	USD 65,000	65	—	35	Storage services
Mercuria Logistics.	The PRC	Limited liability company	USD 60,000	51	—	49	Cargo handling services
Qingdao Port Engineering Design Institute Co., Ltd. (i)	The PRC	Limited liability company	RMB1,000	100	—	—	Engineering design services
Qingdao Port Yitong International Logistics Co., Ltd.	The PRC	Limited liability company	RMB10,000	—	65	35	Logistics services
Qingdao Port International Trade Logistics Co., Ltd.	The PRC	Limited liability company	RMB100,000	—	60	40	Logistics services
Qingdao Port Eimskip Coldchain Logistics Co., Ltd.	The PRC	Limited liability company	RMB20,000	70	—	30	Logistics services
Qingdao Port Dongjiakou Bulk Cargo Logistics Co., Ltd.	The PRC	Limited liability company	RMB10,000	—	51	49	Logistics services
Qingdao Port Technology Co., Ltd.	The PRC	Limited liability company	RMB20,000	100	—	—	Technology services
Qingdao Port Properties Co., Ltd.	The PRC	Limited liability company	RMB3,000	100	—	—	Properties services
Qingdao Port Culture Media Co., Ltd.	The PRC	Limited liability company	RMB3,000	100	—	—	Media services
Commodity Trading Center	The PRC	Limited liability company	RMB20,000	100	—	—	Commodity trading
Qingdao Port Pulp Logistics Co., Ltd.	The PRC	Limited liability company	RMB10,000	55		45	Logistics services
Qingdao Port International Development	Hong Kong	Limited liability company	USD5,100	100	—	—	Investment services
Qingdao Port Jieyuntong Logistics Co., Ltd.	The PRC	Limited liability company	RMB10,000	—	51	49	Logistics services

39. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation	Type of legal entity	Registered and fully paid capital (in thousand)	Proportion of shares held by the Company		Proportion of original shares held by non-controlling interests	Principal activities
				Directly held (%)	Indirectly held (%)		
Qingdao Port Jiefeng International Logistics Co., Ltd.	The PRC	Limited liability company	RMB5,000	—	51	49	Logistics services
Qingdao Port Lianjie International Logistics Co., Ltd.	The PRC	Limited liability company	RMB50,000	—	58	42	Logistics services
Qingdao Port International Financial Leasing Co., Ltd.	The PRC	Limited liability company	USD30,000	75	25	—	Financial leasing
Qingdao Port Lianyu International Logistics Co., Ltd.	The PRC	Limited liability company	RMB5,000	60	—	40	Logistics services
Qingdao Port Tongbao Shipping Co., Ltd.	The PRC	Limited liability company	RMB50,000	100	—	—	Logistics services
Qingdao Port Tongze Trading Co., Ltd. (ii)	The PRC	Limited liability company	RMB10,000	100	—	—	Sales of goods
Qingdao Port Dongjiakou Multi-Purpose Terminal Co., Ltd. (ii)	The PRC	Limited liability company	RMB600,000	80	—	20	Cargo handling services
Qingdao Port Svitzer Towage Co., Ltd. (ii)	The PRC	Limited liability company	RMB210,000	55	—	45	Logistics services
Shandong Port Lianhua Pipeline Oil Transport Co., Ltd. (ii)	The PRC	Limited liability company	RMB100,000	51	—	49	Storage services
Qingdao Port Tongan Security Co., Ltd.	The PRC	Limited liability company	RMB1,000	100	—	—	Security services

Notes:

(i) These companies were previously set up as state-owned enterprises and were transformed to limited liability companies in 2013.

(ii) These companies are registered in 2015 and as at 31 December 2015, the registered capital has not yet been paid up.

40. OTHER MATTERS

As detailed in Note 40 to the consolidated financial statements of the Group for the year ended 31 December 2014 (the "2014 Annual Financial Statements"), CITIC Australia Commodity Trading Pty Ltd. ("CITIC") and Pacorini Metals (Shanghai) Logistics Co. Ltd. ("Pacorini Logistics") have initiated litigations against a branch of QDP, a branch of the Company, QDP and the Company (collectively the "QDP Relevant Parties") as they have suffered from losses/damages due to the QDP Relevant Parties' refusal to deliver the related cargoes of aluminium/alumina products. Other than those court hearings as mentioned in Note 40 to the 2014 Annual Financial Statements, there is not any further court hearing in respect of these litigations being held up to the date of this consolidated financial statements.

Given there is no contractual relationship between the Company and CITIC/Pacorini Logistics, the Directors have the consistent view that the aforesaid litigations are without merit and the Company will vigorously contest the allegations made under the respective litigation documents. In addition, QDP has committed to provide compensation to the Company for any damages arising from the judgment which may be rendered against the Company by the Court. Based on these considerations, the Directors are of the opinion that the aforesaid litigations and the related judgment and order would not impose any adverse impact on the business and operation of the Group.

41. SIGNIFICANT SUBSEQUENT EVENTS

On 21 January 2016, the China Securities Regulatory Commission has approved the application of the Company for the proposed issue of domestic corporate bonds of up to RMB5,000,000,000 by the Approval Document Zheng Jian Xu Ke No. [2016] 153. The proceeds from the issue of the bonds is for the complement of the liquidity of the Company.

On 16 March 2016, the Company has issued the first tranche of domestic corporate bonds of RMB1,500,000,000.

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Land use rights	**2,666,235**	2,729,429
Property, plant and equipment	**10,719,771**	10,228,205
Investment properties	**238,800**	214,190
Intangible assets	**33,649**	36,588
Investments in subsidiaries	**2,274,043**	2,155,686
Investments in joint ventures	**5,258,511**	5,158,242
Investments in an associate	**7,420**	7,420
Available-for-sale financial assets	**71,421**	71,421
Deferred income tax assets	**60,188**	58,284
Trade and other receivables	**477,128**	243,129
	21,807,166	20,902,594
Current assets		
Inventories	**51,046**	93,102
Trade and other receivables	**2,124,174**	2,778,670
Amounts due from customers for contract work	**108,969**	18,572
Financial assets at fair value through profit or loss	**200,000**	—
Restricted cash	**57,213**	—
Term deposits with initial term of over three months	—	1,000,000
Cash and cash equivalents	**1,404,435**	1,107,926
	3,945,837	4,998,270
Asset classified as held for sale	—	536,646
	3,945,837	5,534,916
Total assets	**25,753,003**	26,437,510

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Balance sheet of the Company (Continued)

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	**4,778,204**	4,778,204
Share premium	**9,269,751**	9,269,751
Other reserves (Note 42(b))	**(36,309)**	(60,436)
Retained earnings (Note 42(b))	**1,465,764**	1,195,587
Total equity	**15,477,410**	15,183,106
LIABILITIES		
Non-current liabilities		
Trade and other payables	**547,041**	55,618
Deferred income	**3,634,926**	3,846,012
Early retirement and supplemental benefit obligations	**2,656,210**	2,698,460
	6,838,177	6,600,090
Current liabilities		
Trade and other payables	**2,798,325**	4,314,216
Borrowings	**309,385**	—
Current income tax liabilities	**5,365**	—
Deferred income	**207,171**	211,086
Early retirement and supplemental benefit obligations	**117,170**	129,012
	3,437,416	4,654,314
Total liabilities	**10,275,593**	11,254,404
Total equity and liabilities	**25,753,003**	26,437,510

The balance sheet of the Company was approved by the Board of Directors on 18 March 2016 and was signed on its behalf.

ZHENG Minghui **JIANG Chunfeng**

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Other reserves			
	Capital reserve RMB'000	Statutory reserve fund RMB'000	Total RMB'000	Retained earnings RMB'000
At 1 January 2014	(302)	11,508	11,206	47,105
Profit for the year	—	—	—	1,275,902
Remeasurement of employee benefit obligations	(167,530)	—	(167,530)	—
Appropriations	—	127,420	127,420	(127,420)
Acquisition of Dongjiakou Operation II	(31,532)	—	(31,532)	—
At 31 December 2014	(199,364)	138,928	(60,436)	1,195,587
At 1 January 2015	**(199,364)**	**138,928**	**(60,436)**	**1,195,587**
Profit for the year	—	—	—	**1,364,457**
Remeasurement of employee benefit obligations	**(123,950)**	—	**(123,950)**	—
Appropriations	—	**148,077**	**148,077**	**(148,077)**
Dividends	—	—	—	**(946,203)**
At 31 December 2015	**(323,314)**	**287,005**	**(36,309)**	**1,465,764**

43. BENEFITS AND INTERESTS OF DIRECTORS

Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2015

Name	Salary, housing allowances and other allowances RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
Zheng Minghui (v)	—	—	—	—
Jiao Guangjun	303	44	—	347
Jiang Chunfeng (iii)	274	44	597	915
Non-executive directors				
Cheng Xinnong	—	—	—	—
Sun Yafei	—	—	—	—
Wang Shaoyun (iv)	—	—	—	—
Ma Baoliang	314	44	—	358
Independent non-executive directors				
Wang Yaping	212	—	—	212
Chau Kwok Keung	259	—	—	259
Yang Qiulin	212	—	—	212
Supervisors				
Fu Xinmin	—	—	—	—
Chi Dianmou	—	—	—	—
Xue Qingxia	279	44	277	600
Liu Yuping	309	44	44	397
Li Xuxiu	106	—	—	106
Liu Dengqing	106	—	—	106

43. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2014

Name	Salary, housing allowances and other allowances RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
Zheng Minghui	—	—	—	—
Jiao Guangjun	264	39	—	303
Non-executive directors				
Cheng Xinnong	—	—	—	—
Sun Yafei	—	—	—	—
Wang Shaoyun	—	—	—	—
Ma Baoliang	300	39	—	339
Independent non-executive directors (i)				
Wang Yaping	141	—	—	141
Chau Kwok Keung	172	—	—	172
Yang Qiulin	53	—	—	53
Xu Guojun	—	—	—	—
Supervisors				
Fu Xinmin	—	—	—	—
Chi Dianmou	—	—	—	—
Xue Qingxia	258	39	70	367
Liu Yuping (ii)	68	—	—	68
Li Xuxiu (ii)	28	—	—	28
Liu Dengqing (ii)	28	—	—	28

43. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

Directors' and chief executive's emoluments (Continued)

Notes:

(a) All the directors and supervisors are appointed by the Company after its establishment on 15 November 2013, except for the followings:

(i) Wang Yaping, Chau Kwok Keung and Xu Guojun were appointed as independent non-executive directors on 8 May 2014. Xu Guojun resigned on 29 September 2014 and Yang Qiulin was appointed as independent non-executive director on the same date.

(ii) Liu Yuping, Li Xuxiu and Liu Dengqing were appointed as the supervisors of the Company on 29 September 2014.

(iii) Jiang Chunfeng was appointed as an executive director at the annual general meeting of the Company held on 6 June 2015.

(iv) Wang Shaoyun retired on 6 June 2015.

(v) Zheng Minghui is also the chief executive of the Group, therefore no separate information is disclosed.

(b) After the establishment of the Company, Zheng Minghui, Jiao Guangjun, Cheng Xinnong, Sun Yafei, Wang Shaoyun, Ma Baoliang, Fu Xinmin and Chi Dianmou continue to provide services to QDP and receive emoluments from QDP.

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.