秦皇岛港股份有限公司
QINHUANGDAO PORT CO.,LTD.*

(a joint stock limited liability company incorporated in the People's Republic of China)
Stock Code : 3369

2015 Annual Report

*For identification purposes only

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DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"A Share Issue"	the proposed initial public issue of no more than 58,000,000 A Shares by the Company, which will be listed on the SSE
"A Share(s)"	the ordinary share(s) proposed to be issued by the Company under the A Share Issue, which are subscribed for in RMB
"AGM" or "Annual General Meeting"	the annual general meeting or its adjourned meetings of the Company to be held at 10:00 am on Thursday, 16 June 2016 at Holiday Inn, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC
"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Berth"	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
"Board of Directors" or "Board"	the board of directors of the Company
"Bulk cargo"	loose commodity cargo that is transported in volume or size
"Cangzhou Bohai"	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on 31 October 2007
"Cangzhou Mineral"	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company incorporated in the PRC with limited liability on 10 April 2012
"Caofeidian Coal"	Tangshan Caofeidian Coal Port Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company incorporated in the PRC with limited liability on 29 October 2009
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
"Caofeidian Shiye"	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company incorporated in the PRC with limited liability on 4 September 2002
"Company"	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
"Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary share(s) of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Dry bulk"	solid commodity cargo comprised of major dry bulk (coal, metal ore and grain) and other dry bulk commodities such as sugar, cement and fertilizer
"GDP"	gross domestic product
"Global Offering"	the issuance of H Shares of the Company by way of Hong Kong public offering and international offering in 2013

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"QPG"	Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which was changed to Hebei Port Group Co., Ltd.* (河北港口集團有限公司) on 6 July 2009
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Shares
"SSE"	The Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company established pursuant to the Company Law
"TEU" or "container"	a box made of aluminum, steel or fiberglass and used to transport by ship, rail or barge. The standardized dimension (i.e one TEU) is twenty feet in length, eight feet and six inches in height and eight feet in width
"Terminal"	a major construction of a harbour which is designated for mooring vessels, loading and unloading cargoes and boarding travelers
"the Previous Year or "2014"	the year ended 31 December 2014
"the Year", "the Reporting Period" or "2015"	the year ended 31 December 2015
"Throughput"	a measure of the volume of cargo handled by a port. Where cargoes are transshipped, each unloading and loading process is measured separately as part of throughput
"Tianjin Port"	Tianjin Port in Tianjin City
"Tianjin Port Group"	Tianjin Port (Group) Co., Ltd.* (天津港(集團)有限公司), a company incorporated under the laws of the PRC with limited liability
"2016"	the year ending 31 December 2016

* *For identification purpose only*

CORPORATE INFORMATION

OFFICIAL NAME OF THE COMPANY

秦皇島港股份有限公司

ENGLISH NAME OF THE COMPANY

QINHUANGDAO PORT CO., LTD.*

LEGAL REPRESENTATIVE

Mr. XING Luzhen (邢錄珍)

BOARD OF DIRECTORS

(1) Executive Directors

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

(2) Non-executive Directors

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

(3) Independent Non-executive Directors

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

BOARD COMMITTEES

(1) Audit Committee

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

(2) Remuneration and Appraisal Committee

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

(3) Nomination Committee

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

(4) Strategy Committee

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

SUPERVISORY COMMITTEE

(1) Supervisors

Mr. NIE Yuzhong (聶玉中)
Mr. BU Zhouqing (卜周慶)
Mr. LIU Simang (劉巳莽)

(2) Employee Representative Supervisors

Mr. CAO Dong (曹棟)
Mr. ZHANG Jun (張軍)

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CORPORATE INFORMATION

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

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

AUDITORS

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

LEGAL ADVISORS AS TO HONG KONG LAW

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

REGISTERED ADDRESS

35 Haibin Road
Qinhuangdao
Hebei Province, the PRC

HEADQUARTERS

35 Haibin Road
Qinhuangdao
Hebei Province, the PRC

PRINCIPAL PLACE OF BUSINESS

35 Haibin Road
Qinhuangdao
Hebei Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

H SHARE REGISTRAR IN HONG KONG

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

COMPANY WEBSITE

www.portqhd.com

STOCK CODE

3369

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

ANALYSIS OF THE MACROECONOMIC CONDITION

During the Year, the world economy was still in a weak trend. The economic growth has slowed as compared with that of 2014. The international trade changed from slow growth to negative growth, with a continuous low prices of commodities. During the same period, China's economy has fully entered into the phase of "new development state". With the improvement of the economic structure and the conversion of growth momentum, the annual GDP has increase by 6.9%. The economic growth continued to slow down, with an obvious downward pressure.

PERFORMANCE OF MAJOR BUSINESS AND DIVIDENDS

During the Year, the Group actively responded to the macroeconomic slowdown, the continuous downturn of the domestic coal market, the intensified competitions from surrounding ports and other unfavorable factors, by increasing the market analyzing and predicting efforts, adjusting business strategy in time and taking effective countermeasures. Through organizing production in a scientific way, further tapping the potential and efficiency and improving the service quality, the Group has better accomplished most of the annual tasks.

During the Year, the Group has achieved a total throughput for all types of cargoes of 370 million tonnes, representing a decrease of 3.12% as compared with 2014. The throughput of coals, metal ores, oil and liquefied chemicals, containers and the general and other cargoes amounted to 230 million tonnes, 111 million tonnes, 7.01 million tonnes, 12.53 million tonnes and 9.2 million tonnes, respectively. The Group has achieved an operating income of RMB6,890 million, representing a decrease of 4.61% as compared with RMB7,223 million for the corresponding period last year. The net profit attributable to owners of the parent company amounted to RMB1,344 million, representing a decrease of 32.12% as compared with RMB1,980 million for the corresponding period last year. The Board proposed to distribute a final dividend of RMB0.15 per Share (tax included) for the Year.

BUSINESS REVIEW

As one of the largest public port operator for major dry bulk cargoes in the world, the operator of the main hub ports on the coal transportation avenue in China's domestic trade and one of the most important ore port operators in the Bohai Rim, the Group provides customers with coal and related logistics services, metal ores and related logistics services, oil/liquefied chemicals and related logistics services, dry bulk cargoes and related logistics services, containers and related logistics services and port value-added and related services.

The Group actively seized the opportunities of "One Belt and One Road" and the synergetic development among Beijing, Tianjin and Hebei Provinces. The Group was in discussion with Tianjin Port for strategic cooperation and explored the possibility of the acquisition of the multi-function 3# berth and 4# berth in the complex port zone of Huanghua Port and the universal terminal in the new building material industrial base of Gaoshaling port zone in Tianjin Port by Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司). The Group adhered to project support and succeeded in establishing Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司), Cangzhou Huanghuagang Coal Port Co., Ltd. (滄州黃驊港煤炭港務有限公司) and Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司), to save energy for the Group's future development.

Confronted with the complex market environment, the Group strived to cater for the market demands by improving production efficiency and providing excellent services. The Group further tapped the potential and efficiency and expanded the port logistics service business through reforms and innovation and refined management. With all these efforts, the Group managed to maintain a relative high level of port throughput.

CHAIRMAN'S STATEMENT

In respect of coal, the Group impelled the substantial client strategy and entered into strategic cooperation agreements. The Group introduced preferential measures such as waiver of coal blending fees and lower of coal stacking fees, to further enhance the level of refinement in coal blending and to meet the diverse needs of customers. The Group continued to play the role of joint offices and anchorage areas, compressing the assisted working time and promoting the efficient operation of dispatching system. In respect of dry bulk cargo, the Group established brand awareness and conducted in-depth research on the source origin, to improve handling efficiency and service quality. The throughput of soybean recorded a historical high and the fertilizer exports achieved growth. In respect of metal ores, the Group accurately grasped the market demand and strengthened the organization of production, maintaining a high level of throughput of metal ores. In respect of oil and liquefied chemicals, the Group made every effort to organize production and sourcing, by actively contacting major customers to develop new business and providing source reserve for future development. In respect of containers, the Group strengthened the communication and coordination with the railway authorities and opened a number of sea-rails. The Group's throughput exceeded 1 million standard containers for the first time, effectively boosting the regional economic development.

CAPITAL OPERATION

On 30 September 2015, China Securities Regulatory Commission has formally accepted the application for the issuance of A Shares of the Group. In the future, the Group will strive to push forward the listing of A Shares and complete the listing as soon as possible. The Group will strive to establish a financing platform of A Shares plus H Shares, in order to provide capital assurance for the Group's medium and long term goal of "Going out" Development, its business diversification and higher level of internationalization. The Group will make full use of domestic and overseas financing platform and reduce its financing costs.

OUTLOOK AND PROSPECTS

In 2016, the international and domestic markets will be more complicated and constantly changing. In respect of international market, influenced by the lower demands all over the world, the interest rate increase of the US dollar and the significant decrease in oil price, the international bulk raw material prices were facing greater pressures. In respect of domestic market, China's economic growth was still facing a relatively great downward pressure, with an increasingly competitive market and the gradual adjustment in the energy consumption structure. Despite of the enormous challenges, some good development momentums started to show. In respect of international market, the economic growth of the USA, the Euro Zone and Japan will improve, with the recovery trend consolidating. The continuous downward trend of emerging economies is expected to reverse and the foundation of the world economic recovery will be reinforced. In respect of domestic market, China's economy will maintain a mid to high speed growth. In the situation of expanding demands appropriately, the macro economy will pay more attention to the reforms of supply side. By resolving the problem of excessive capacity, the structure of coal and steel industries will be optimized. At the same time, the status of coal as the main energy sources will remain unchanged. The acceleration of urbanization construction is still in great demand for steel and other basic raw materials

In the future, the Group will follow the overall development thinkings of "Stronger and better, transformation and upgrading, improving quality and efficiency, driven by innovation and achieving win-win in harmony" and continue to seized the opportunities of the synergetic development among Beijing, Tianjin and Hebei Province and national strategic opportunities like "One Belt and One Road". Relying on geographical advantages and mature and efficient experiences in port operations and management, the Group will speed up the construction of key projects, strengthen the core competitiveness, improve operation and management level and promote the rapid development of port production and operation, in order to become a port industrial cluster operator of sound governance system, strong competitive advantage and leading economic benefit, combining with the roles of port operator, integrated logistics service provider and capital operator, and to create a stable returns for all Shareholders.

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

Qinhuangdao Port Co., Ltd.
Xing Luzhen
Chairman

23 March 2016

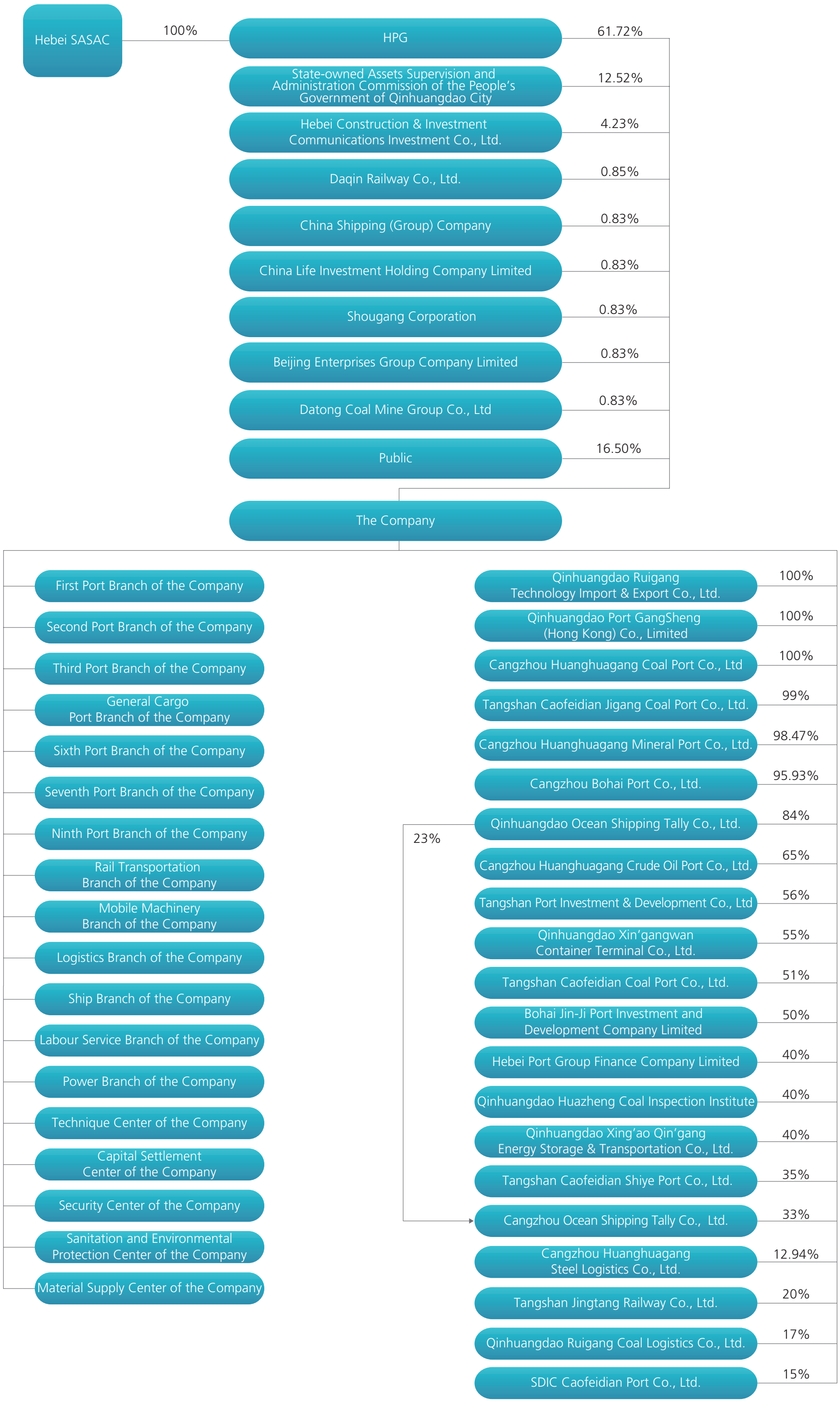
FINANCIAL HIGHLIGHTS

	2015 RMB'000	2014 RMB'000	Changes RMB'000
Summary of income statement			
Revenue	6,889,894	7,223,103	-333,209
Gross profit	2,810,968	3,146,107	-335,139
Total profit	1,713,418	2,557,383	-843,965
Net profit attributable to owners of the parent company	1,344,490	1,980,145	-635,655
Basic/diluted earnings per share (RMB cents)	26.73	39.37	-12.64
Summary of balance sheet			
Cash and bank balances	2,483,302	3,095,476	-612,174
Net current liabilities	1,089,841	1,632,545	-542,704
Total assets	27,170,291	28,136,779	-966,488
Interest-bearing bank borrowings	11,584,954	11,010,089	574,865
Gearing ratio (%)	52.00%	52.31%	-0.31%
Net assets per Share (RMB)	2.35	2.43	-0.08
Return on equity (%)	10.18%	14.94%	-4.76%
Summary of cash flow statement			
Net cash flows from operating activities	2,321,238	2,983,811	-662,573
Net cash flows from investing activities	-2,042,456	-3,172,428	1,129,972
Net cash flows from financing activities	-1,813,707	-2,479,954	666,247
Net increase in cash and cash equivalents	-1,525,783	-2,635,117	1,109,334

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

SHAREHOLDING STRUCTURE OF THE GROUP

As at 31 December 2015, the shareholding structure of the Group was as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

(I) INDUSTRY OVERVIEW

(1) Overview of Port Industry in the PRC

The economy of the PRC entered into "new development state" in 2015. During the transition, port enterprises and enterprises in upstream coal and steel industries were under great pressure on production and operation. In 2015, the throughput of cargoes in coastal ports above designated size reached 7.84 billion tonnes, representing a year-on-year increase of 1.0% and a decrease of 4.6% in growth rate as compared with the corresponding period in last year, including the throughput of imported cargoes of 3.25 billion tonnes, representing a year-on-year increase of 0.7% and a decrease of 5.2% in growth rate as compared with the corresponding period in last year.

(2) Overview of Port Coal Industry in the PRC

With the weak demand and supply of coal in 2015, throughput of the ports experienced negative growth. The throughput of coal for domestic trade at major ports in PRC amounted to 0.638 billion tonnes, representing a year-on-year decrease of 5.5%, and a year-on-year decrease in the growth rate of 7.7%. The throughput of coal for domestic trade at major coastal ports amounted to 0.611 billion tonnes, representing a year-on-year decrease of 6.2%.

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

In 2015, overseas large-scale mines seized market shares by their cost advantage, and PRC's reliance on imported metal ores was increasing. However, the growth of imported metal ores was hindered by the sluggish overall demand and recorded a year-on-year decrease during the year.

In 2015, the unloading amount of imported metal ores at major ports in PRC reached 0.879 billion tonnes, representing a year-on-year decrease of 1.0%; the unloading amount of imported metal ores at major coastal ports amounted to 0.877 billion tonnes, representing a year-on-year decrease of 0.3%.

The shipment demand of metal ores for domestic trade failed to maintain the high growth before with obvious suppression. The outward volume of metal ores at major ports experienced negative growth.

(4) Overview of Port Oil Industry in the PRC

Affected by the significant decrease of crude oil price and the increase of crude oil reserves in refineries, oil imports experienced steady growth, resulting in the strong rebound of port oil throughput.

In 2015, the inward volume of imported oil at major coastal ports increased significantly as compared with last year, meanwhile the transshipment volume of imported port oil recorded an overall rebound as compared with last year, particularly in the northern ports where the rebounce trend was obvious.

Sources: Shanghai Shipping Exchange, NDRC website

MANAGEMENT DISCUSSION AND ANALYSIS

(II) RESULTS OF OPERATION AND FINANCIAL PERFORMANCE

(1) Revenue

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

During the Year, the revenue of the Group amounted to RMB6,889,894 thousand, representing a decrease of RMB333,209 thousand or approximately 4.61% as compared with the revenue of RMB7,223,103 thousand in 2014. The decrease was mainly attributable to the decrease of revenue due to the decrease of throughput which was affected by the macro economy.

The following table sets forth the revenue generated from each type of cargo we serviced:

	For the year ended 31 December					
	2015		2014			
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Increase/ (decrease) (RMB'000)	Increase/ (decrease) (%)
Dry bulk	6,144,940	89.19	6,450,929	89.31	(305,989)	(4.74)
– Coal	5,332,184	77.39	5,716,611	79.14	(384,427)	(6.72)
– Metal ore	812,756	11.80	734,318	10.17	78,438	10.68
Oil and liquefied chemicals	105,511	1.53	109,422	1.51	(3,911)	(3.57)
Container	127,252	1.85	112,975	1.56	14,277	12.64
General and other cargoes	215,048	3.12	238,079	3.30	(23,031)	(9.67)
Others	297,143	4.31	311,698	4.32	(14,555)	(4.67)
Total	6,889,894	100.00	7,223,103	100.00	(333,209)	(4.61)

(2) Operating Costs

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

Our operating costs for the Year amounted to RMB4,078,926 thousand, which was basically the same as the operating costs of RMB4,076,996 thousand in 2014.

(3) Gross Profit Margin

For the Year, the gross profit# of the Group decreased by RMB335,139 thousand to RMB2,810,968 thousand, representing a decrease of 10.65% as compared with RMB3,146,107 thousand in 2014. The gross profit margin of the Group was 40.80% for the Year, representing a decrease of approximately 2.76% as compared with 43.56% in 2014. The decrease was mainly because the decrease of gross profit was higher than that of revenue.

(4) Segment Analysis[1] (Business Review)

During the Year, the Group achieved a total cargo throughput of 370.16 million tonnes[1], representing a decrease of 11.93 million tonnes or approximately 3.12%, as compared with the throughput of 382.09 million tonnes[1] in 2014. The throughputs generated from each of the ports which we operate are as follows:

	For the year ended 31 December					
	2015		2014			
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Qinhuangdao Port[2]	246.55	66.61	266.13	69.65	(19.58)	(7.36)
Caofeidian Port[3]	80.42	21.72	83.84	21.94	(3.42)	(4.08)
Huanghua Port[4]	43.19	11.67	32.12	8.41	11.07	34.46
Total	370.16	100.00	382.09	100.00	(11.93)	(3.12)

During the Year, the Group achieved a cargo throughput of 246.55 million tonnes[2] in Qinhuangdao Port, representing a decrease of 19.58 million tonnes or approximately 7.36% from 266.13 million tonnes[2] for 2014. The decrease was mainly due to the fact that the main cargo handled in Qinhuangdao Port was coal, and affected by the economic downturn, lack of demand for industrial electricity and competition from UHV transmission, hydropower and imported coal, thermal power has been running low and the power plants were generally in low daily consumption and high inventory, which resulted in the continuous low demand for thermal coal.

The Group achieved a cargo throughput of 80.42 million tonnes[3] in Caofeidian Port, representing a decrease of 3.42 million tonnes or approximately 4.08% from 83.84 million tonnes[3] for 2014. The main reasons for the decrease are: as the formalities for operation of Phase One 2# berth of Caofeidian Shiye was not completed, the vessel berthing has been ceased since November 2015 and resulted in the decrease in ore unloading capacity and the production of the Company. Steel manufacturers were in loss and some even ceased operation. The operation rate of blast furnace in Tangshan region further decreased to less than 80%, which resulted in the decrease of imported iron ore. As such, the throughput of the Company was affected.

Gross profit is revenue less operating cost.

The Group achieved a cargo throughput of 43.19 million tonnes[4] in Huanghua Port, representing an increase of 11.07 million tonnes or approximately 34.46% from 32.12 million tonnes[4] for 2014. The increase was mainly because: (1) we continued to strengthen the cargoes solicitation in the hinterland of cargoes and strived to develop new types of cargoes with our port advantage; and (2) we reinforced the seaborne coal business by extending the logistics chain through seaborne coal traffic and took advantage of pendulum transportation to save the cost for the owners of cargoes, thus attracted more iron ore and coal cargoes to the port for loading and unloading.

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

	For the year ended 31 December					
	2015		2014			
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Dry bulk[5]	341.42	92.24	354.78	92.85	(13.36)	(3.77)
– Coal	230.41	62.25	245.79	64.33	(15.38)	(6.26)
– Metal ores	111.01	29.99	108.99	28.52	2.02	1.85
Oil and liquefied chemicals	7.01	1.89	7.26	1.90	(0.25)	(3.44)
Container[6]	12.53	3.38	9.67	2.53	2.86	29.58
General and other cargoes[7]	9.20	2.49	10.38	2.72	(1.18)	(11.37)
Total[1]	370.16	100.00	382.09	100.00	(11.93)	(3.12)

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Year, the Group recorded a total dry bulk throughput of 341.42 million tonnes, representing a slight decrease of 13.36 million tonnes or approximately 3.77% from 354.78 million tonnes for 2014. The decrease was mainly due to the decrease of coal throughput as a result of the economic downturn.

During the Year, the Group achieved a total coal throughput of 230.41 million tonnes, representing a decrease of 15.38 million tonnes or approximately 6.26% from 245.79 million tonnes for 2014. Such decrease was mainly attributable to (1) the further slowdown in the PRC's economic growth rate in 2015 which affected the energy sector and caused significant compression of overcapacity in energy-intensive and petrochemical industry, and accelerated the development of clean energy and construction of UHV power grid; and the slight decrease in the proportion of thermal power capacity and the decrease of demand for coal consumption; which resulted in the slight decrease of coal throughput in our port; (2) the fact that in 2015, the imported coal of the PRC amounted to 204.06 million tones, which, although represented a significant decrease of imported coal as compared with 2014 and still has certain effect on the domestic trade of coal, such effect was gradually decreasing, and (3) the severe weather condition in 2015 which increased the closure hours of shipping lines of our port due to heavy fog and strong wind as compared with 2014.

During the Year, the Group achieved a total metal ores throughput of 111.01 million tonnes, representing an increase of 2.02 million tonnes or 1.85% from 108.99 million tonnes for 2014. Such increase was mainly due to the commencement of trial operation of Cangzhou Mineral and the fact that Cangzhou Bohai took the advantage of hinterland to devote greater efforts in solicitation of cargoes and gradually enhanced the production efficiency and achieved increase in throughput.

(ii) Oil and liquefied chemicals handling services

The Group recorded a total oil and liquefied chemicals throughput of 7.01 million tonnes during the Year, representing a decrease of 0.25 million tonnes or approximately 3.44% from 7.26 million tonnes for 2014. During the Year, focusing on crude oil from Daqing, the Company tried its utmost to transport more oil by proactively strengthening communication and coordination with relevant customers. At the same time, the Company proactively cooperated with other customers and fully capitalized the opportunities from the commencement of production of their new oil wells in order to reduce the effect of the decrease in production output of old oil wells, so as to increase its throughput of marine oil. The Daqing crude oil transportation through Tieqin pipeline was stopped at the end of September, which resulted in a relatively large gap in port oil cargoes. In order to fill the gap in pipeline oil, our port focused on offshore oil and crude oil from asphalt plants, coordinated with the customers to increase the transfer amount, meanwhile actively accelerated the declaration and approval for the import and export foreign trade business.

(iii) Container services

During the Year, the Group achieved better results in respect of the "dry bulk & general cargoes to containers" reform, expansion of imported cargo resources, expansion of sea-rail intermodal transportation business and stabilization and development of shipping lines. As a result, during the Year, the Group recorded a total container throughput of 1,002,676 TEU, equivalent to a throughput of 12.53 million tonnes, representing increases in the number of containers handled and throughput of 274,662 TEU and 2.86 million tonnes, respectively, (i.e. approximately 37.73% and 29.58%, respectively) as compared with the number of containers handled and throughput of 728,014 TEU and 9.67 million tonnes for 2014, respectively.

(iv) General cargoes handling services

During the Year, the Group recorded a total throughput of general and other cargoes of 9.20 million tonnes, representing a decrease of 1.18 million tonnes or approximately 11.37% from 10.38 million tonnes for 2014. The decrease in general cargoes handling throughput was mainly attributable to the decrease in transfer amount of general cargoes affected by market demand and intense competition from surrounding ports.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. Our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services during the Year. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services.

Note:

1. Throughput includes that of Caofeidian Shiye. Caofeidian Shiye operates terminals in Caofeidian Port and is a non-consolidated associate company of, and is 35% owned by, the Company. The Company is the largest shareholder of Caofeidian Shiye. During the Year, the throughput of Caofeidian Shiye was 80.42 million tonnes, consisting of 3.08 million tonnes of coal, 76.84 million tonnes of metal ores and 0.50 million tonnes of general cargoes.

2. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 500,879 TEU in Qinhuangdao Port during the Year.

3. Representing throughput from Caofeidian Shiye.

4. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 501,797 TEU in Huanghua Port during the Year.

5. The dry bulk cargoes we handle mainly consist of coal and metal ores.

6. During the Year, using TEU as the measuring unit, the Group recorded a containers throughput of 1,002,676 TEU.

7. General and other cargoes include grain, fertilizer, etc.

(5) Administrative Expenses and Selling Expenses

During the Year, our total administrative expenses and selling expenses amounted to RMB1,072,550 thousand, representing an increase of RMB199,389 thousand or approximately 22.84% from RMB873,161 thousand for 2014. The increase was mainly attributable to the provision for early retirement salaries to be paid in the year after during the Year.

(6) Financial Costs

During the Year, our financial costs amounted to RMB296,973 thousand, representing a decrease of RMB36,831 thousand or approximately 11.03% from RMB333,804 thousand for 2014. The decrease was mainly attributable to (1) the year-on-year decrease of the Group's interest expense arising from the reduction of the RMB loan benchmark rate of financial institutions by the People's Bank of China; (2) the year-on-year decrease of net exchange gains due to foreign exchange rate fluctuations; (3) the year-on-year increase in interest income due to the Group's strengthened capital management and the benefit gained from the establishment of a finance company by HPG.

(7) Investment Income

Our investment income for the Year amounted to RMB238,594 thousand, representing an increase of RMB1,440 thousand or approximately 0.61% from RMB237,154 thousand for 2014. The increase was mainly attributable to the year-on-year increase in investment income of Hebei Port Group Finance Company Limited, our Group's associated company, which was recognized using equity method.

(8) Net Non-operating Revenue and Expenses

During the Year, our net non-operating revenue and expenses amounted to RMB53,063 thousand, representing a decrease of RMB349,821 thousand or approximately 86.83% from RMB402,884 thousand for 2014. The decrease was mainly attributable to the receipt of an initial compensation for staff settlement involved in the closure of our coal stevedoring operation in the west port area of Qinhuangdao Port last year.

(9) Income Tax Expense

Income tax expense of the Group decreased by RMB213,021 thousand to RMB367,056 thousand for the Year from RMB580,077 thousand for 2014, which was mainly attributable to the decrease of total taxable profit for the Year. The effective income tax rate of the Group decreased to 21.42% for the Year from 22.68% for 2014.

(10) Net Profit

Net profit of the Group for the Year amounted to RMB1,346,362 thousand, representing a decrease of RMB630,944 thousand or 31.91% from RMB1,977,306 thousand for 2014. Our net profit attributable to owners of the parent for the Year amounted to RMB1,344,490 thousand, representing a decrease of RMB635,655 thousand or 32.10% from RMB1,980,145 thousand for 2014. The decrease in net profit was mainly attributable to: 1. receipt of a non-recurring initial compensation of RMB350,000 thousand for staff settlement involved in the closure of our coal stevedoring operation in the west port area of Qinhuangdao Port last year; 2. the non-recurring provision for early retirement benefits of RMB164,295 thousand during the Year; the decrease of revenue of RMB333,209 thousand due to the decrease of throughput [note] for the Year caused by the macro economic downturn; and 4. the change in income tax expense.

Excluding the abovementioned non-recurring material expenses and revenue, our net profit attributable to owners of the parent for the Year amounted to RMB1,467,711 thousand (2014: RMB1,717,645 thousand), representing a decrease of 14.55%.

During the Year, net profit margin of the Group was approximately 19.54%, representing a decrease of 7.83% from approximately 27.37% for 2014.

(11) Earnings Per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Year by the weighted average number of ordinary Shares in issue during the Year. Earnings per Share of the Group for the Year amounted to RMB0.27, representing a decrease of 30.77% from RMB0.39 for 2014. Please refer to Note V-45 to the financial statements in this annual report for the calculation of earnings per Share.

Note: For details please refer to the announcement of the Company dated 15 January 2016

(12) Capital Structure, Cash Flows and Financial Resources

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

During the Year, net cash inflows generated from operating activities amounted to RMB2,321,238 thousand, representing a decrease of RMB662,573 thousand or 22.21% as compared with the net cash inflows in 2014 (RMB2,983,811 thousand). Such decrease was mainly resulted from the decrease of revenue for the Year and the receipt of an initial compensation for staff settlement involved in the closure of our coal stevedoring operation in the west port area of Qinhuangdao Port last year.

During the Year, net cash outflows generated from investing activities amounted to RMB2,042,456 thousand, representing a decrease of RMB1,129,972 thousand or 35.62% as compared with RMB3,172,428 thousand in 2014. Such decrease was mainly resulted from the decrease in payment of construction fees during the Year.

During the Year, net cash inflows from financing activities amounted to RMB-1,813,707 thousand, representing an increase of approximately RMB666,247 thousand as compared with RMB-2,479,954 thousand in 2014. Such increase was mainly resulted from the decrease in the net increase of bank borrowings as compared with last year.

Due to the above reasons, as at 31 December 2015, the Group held a balance of cash and cash equivalents of approximately RMB1,376,457 thousand, representing a decrease of RMB1,525,783 thousand or 52.57% from RMB2,902,240 thousand as at 31 December 2014.

As at 31 December 2015, the gearing ratio (total liabilities divided by total assets) of the Group was 52.00%, decreased by 0.31% as compared with the gearing ratio of 52.31% as at 31 December 2014.

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Net cash flow generated from operating activities	2,321,238	2,983,811
Net cash flow generated from investing activities	-2,042,456	-3,172,428
Net cash generated from financing activities	-1,813,707	-2,479,954
Net increase in cash and cash equivalents	-1,525,783	-2,635,117
Cash and cash equivalents at the beginning of year	2,902,240	5,537,357
Cash and cash equivalents at the end of year	1,376,457	2,902,240

(13) Exchange Rate Risks

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

(14) Bank Loans and Other Borrowings

As at 31 December 2015, the details of the Group's bank loans and other borrowings are set out in Notes V-19 and V-26 to the financial statements in this annual report.

(15) Pledge of Assets and Contingent Liabilities

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

(16) Capital Commitment

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

(17) Management of Working Capital

	31 December 2015	31 December 2014
Current ratio	0.74	0.70
Quick ratio	0.65	0.63
Turnover days of trade receivables	10.23	10.04
Turnover days of trade payables	9.20	9.57

As at 31 December 2015, the Group's current ratio and quick ratio were 0.74 and 0.65, respectively, representing increases as compared with the current ratio of 0.70 and quick ratio of 0.63 on 31 December 2014. The turnover days of trade receivables for 2015 was 10.23 days and the turnover days of trade payables was 9.20 days, representing an increase of 0.19 days as compared with the turnover days of trade receivables of 10.04 days for 2014 and a decrease of 0.37 days as compared with the turnover days of trade payables of 9.57 days for 2014. The above indicators were still within reasonable levels.

(18) Overview of Major Investments

During the Year, the Group made the following investments in its subsidiaries or associated companies:

1. On 26 March 2015, Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛（香港）有限公司), with a share capital of HK$50 million, was established by the Company in Hong Kong and became a wholly-owned subsidiary of the Company.

2. On 24 April 2015, the Company entered into a capital contribution agreement with Tangshan Port Group Co., Ltd.* (唐山港集團股份有限公司), Caofeidian Port Group Co., Ltd.* (曹妃甸港集團有限公司), Tangshan Fengnan Construction Investment Co., Ltd.* (唐山市豐南建設投資有限公司), Tangshan Haiyida Group Co., Ltd.* (唐山海億達集團公司) and Luannan Zuidong Port Enterprise Co., Ltd.* (灤南嘴東港口實業有限公司), for the establishment of Tangshan Port Investment & Development Co., Ltd.* (唐山港口投資開發有限公司) ("**Tangshan Port Investment**"). Pursuant to this capital contribution agreement, the entire registered capital of Tangshan Port Investment was RMB2 billion, among which the Company agreed to contribute RMB1.12 billion, representing 56% of the total registered capital of Tangshan Port Investment. Tangshan Port Investment was established on 5 May 2015 and became a subsidiary of the Company.

3. On 24 July 2015, Cangzhou Huanghuagang Coal Port Co., Ltd.* (滄州黃驊港煤炭港務有限公司), with a registered capital of RMB50 million, was established by the Company and became a wholly-owned subsidiary of the Company.

(III) MAJOR RISK FACTORS

The Group's business is subject to certain risks, which is broadly divided into (i) risks relating to the Group's business and our industry, which mainly include the decrease in domestic coal consumption, substitution of domestic coal by imported coal and competition from nearby ports and other port operators; and (ii) risks relating to business operation in the PRC, which mainly include the material and adverse effect on the Group's business from the changes in the economic, political or social conditions in the PRC and policies adopted by the PRC government. In 2015, the Group assessed and controlled the risks within a reasonable range in order to ensure the achievement of the Company's development target.

The Board has been directly responsible for the risk control of the Company and is also responsible for the establishment of an effective risk control environment which is in compliance with the laws and regulations. The Board is responsible for developing the Company's overall risk control objectives, risk control policies and internal control system, improving the Company's governance structure and tiered authority delegation system, and setting objectives for specific risk control activities.

In order to improve the risk management system, the Board has resolved to amend the terms of reference of the audit committee on 23 March 2016, whereby the responsibility for risk management of the Company has been delegated to the audit committee. Since then, the audit committee has been responsible for ensuring an effective risk management and internal control system of the Company is in place, reviewing the sufficiency of the Company's internal resources, employees' qualification, experience and training, and conducting research and study on matters related to risk management and internal control and reporting to the Board in this regard.

(IV) ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company has a relatively comprehensive environmental protection system in place covering various aspects such as environment management, pollutant monitoring and environmental protection assessment, which is an important basis for conducting environmental management.

The Company has a comprehensive pollution prevention and treatment system which includes dust prevention, controlling and removing system for dust from coal, mine and grain; desulfurization and dust removal device for boiler; and various kinds of wastewater treatment facilities. All the operation processes such as belt transmission, dumping, stacking, reclaiming and loading are equipped with a large number of sprinkling devices and dust removing devices as well as mobile sprinklers and dust collecting cars to ensure a clean environment in port areas.

The Company attaches great importance to environmental protection and invest into the construction and upgrade of pollution treatment and environmental protection facilities with an aim to continuously improve and enhance the regional environment quality.

In 2015, the sulphur dioxide emission of the Group decreased by 0.055 tonnes, representing a year-on-year decrease of 0.25% and the nitrogen oxide emission decreased by 0.011 tonnes, representing a year-on-year decrease of 0.26%, which reflected that progress had been achieved in reduction of pollutant emission.

(V) COMPLIANCE WITH LAWS AND REGULATIONS

The Company 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 Company has been allocating system and staff resources to ensure continuing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the year ended 31 December 2015, to the best knowledge of the Directors, the Company has complied with the Company Law of the PRC, the Securities Law of the PRC, the Special Provisions of the State Council of the PRC for Share Offerings and Offshore Public Listing of Companies Limited by Share (《中華人民共和國國務院〈關於股份有限公司境外募集股份及上市的特別規定〉》), the Port Law of the PRC (《中華人民共和國港口法》), the Securities and Futures Ordinance, the Listing Rules and other relevant rules and regulations.

(VI) RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Our results and sustainable development is materially affected by the Group's relationships with its employees, customers and suppliers. As such, the Group commits to maintaining good relationships with its employees, customers and suppliers.

The Group highly values human resources management, offers competitive remuneration package and benefits not less favorable than those in the same territory and same industry and provides various training opportunities which meet the employees' working requirement and needs for long-term development in order to help the employees expand the career path and formulate career plans, thereby continuously optimizing human resources allocation and improving the human resources efficiency.

The Group strives to provide highly integrated comprehensive port services whilst maintaining long term profitability, business and asset growth. Various means have been established to strengthen the communications between the customers and the Group in the provision of excellent customer service towards market penetration and expansion. During the Year, through strategic interview and survey conducted by each level, we collected feedback and demand from our customers, understood the change of market trend and made rectification for problems identified so as to continuously improve our service quality. We actively provided various favorable information to our customers so that they can know about the latest policies related to ports in a timely manner. By adhering to the customer-centric concept, we transformed from solely providing stevedoring services to the provision of comprehensive logistics solution. With the goal of "lower cost and higher efficiency", we provided customized logistics solution and value-added services to the customers so as to create value for the customers.

The Group has established a long-term and stable cooperative relationship with its major suppliers to ensure that the products procured are delivered in a timely manner, in good quality and with satisfying services.

(VII) PROSPECTS

In 2016, the production capacity of Phase Two of coal terminal in Caofeidian of the Company will be further released, and the overall transfer capacity of Qinhuangdao Port Co., Ltd. will increase. Upon the opening of Mengji Railway, stable cargoes supply will be supplied to Phase Two of coal terminal in Caofeidian, which will effectively increase the overall share of Qinhuangdao Port Co., Ltd. in coal market. The Company will further implement the management model of "integration between Qinhuangdao Port and Caofeidian Port", leverage on the respective advantages of Qinhuangdao Port and Phase Two of coal terminal in Caofeidian and refine the linkage mechanism between the two ports in order to maximize the overall throughput capacity of Qinhuangdao Port and Phase Two of coal terminal in Caofeidian.

Meanwhile, the Company will capture the important opportunity of cross-harbour development between Caofeidian Port and Huanghua Port, expand the periphery and reach of the economic hinterland and explore business opportunities and strategic partnerships in newly-developed areas. As the largest steel producer in China, Hebei Province has huge demand for overseas iron ores with high quality. In addition to consolidating the advantage of Qinhuangdao Port on coal transportation, the Company will fully utilize Caofeidian Port and Huanghua Port, establish long-term partnership with overseas exporters of high-quality iron ores to provide abundant of resources to the enterprises in the economic hinterland, adjust the cargoes portfolio while consolidating the existing advantages in order to strive for further development of the Company.

For the next few years, with clear port positioning, the Company will respond to the complicated market environment by building a strong marketing team, establishing the new operating model of "internet + port services", further enhancing the loading and unloading efficiency of the Company, improving the internal production and operation procedures of the Company, actively engaging in dislocation competition with surrounding ports and upgrading the port services functions, with an aim to provide the customers with better and more convenient services.

The Company will continue to strengthen the main business of port services and enhance the ability of creating value for customers. In particular, the Company will: maintain the advantage in coal business, expand the metal ores business and develop a globally leading position in dry bulk business; achieve rapid growth in container business and keep up with the development of advanced ports in the Bohai Rim; and established a regional oil distribution centre. The Company will also implement the cross-harhour development strategy, expand the port services functions and promote international development; extend the logistics services system and improve the capital operation ability to support the transformation and upgrade of ports; promote the integrative development of harbour, industry and city to achieve a harmonious and win-win situation between harbour and city; accelerate the infrastructure construction, continue to enhance the level of technology and equipment and build a green harbour; strengthen the recognition on "talent thriving enterprise" and optimize the human resource structure; improve the quality of information services and build an intelligent harbour so as to achieve leap-forward development of the Company.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company during the period from 1 January 2015 to 31 December 2015.

CORPORATE GOVERNANCE

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

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

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

BOARD

DUTIES AND DIVISION RESPONSIBILITY

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

Chairman of the Board and Chief Executive Officer

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

CORPORATE GOVERNANCE REPORT

COMPOSITION OF THE BOARD

During the Year, the Board comprised eleven Directors, including four executive Directors, Mr. Xing Luzhen (chairman), Mr. Tian Yunshan (general manager), Mr. Wang Lubiao and Mr. Ma Xiping, three non-executive Directors, Mr. Zhao Ke, Mr. Mr. Li Jianping and Mr. Mi Xianwei, and four independent non-executive Directors, Mr. Li Man Choi, Mr. Zhao Zhen, Ms. Zang Xiuqing, Mr. Hou Shujun. The particulars of the Directors are set out in the section "Biographical Details of Directors, Supervisors and Senior Management" in this report.

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

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

Positions in Other Companies held by Directors

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

Time Commitment of Directors

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

TRAINING AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

Meetings of the Board

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

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

During the Year, Directors convened five regular meetings on 11 February 2015, 23 March 2015, 9 June 2015, 6 July 2015 and 20 August 2015 respectively, at which resolutions regarding the 2014 annual results, the 2015 interim results, and the proposal of the A Share Issue were considered.

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

Name	Number of meetings attended/ Number of meetings held during Directors' term of office	Number of meetings attended by entrusting other Directors	Attendance rate
Executive Directors			
– Xing Luzhen *(Chairman)*	5/5	0	100%
– He Shanqi (Resigned as a Director on 12 January 2015)	0/0	0	0%
– Tian Yunshan (Appointed as a Director on 12 January 2015)	5/5	0	100%
– Wang Lubiao	4/5	1	100%
– Ma Xiping	5/5	0	100%
Non Executive Directors			
– Zhao Ke	2/5	3	100%
– Li Jianping	5/5	0	100%
– Duan Gaosheng (Resigned as a Director on 9 June 2015)	1/2	1	100%
– Mi Xianwei (Appointed as a Director on 9 June 2015)	1/3	2	100%
Independent Non-executive Directors			
– Shi Rongyao (Resigned as a Director on 9 June 2015)	1/2	1	100%
– Yu Shulian (Resigned as a Director on 9 June 2015)	2/2	0	100%
– Zhao Zhen	5/5	0	100%
– Li Man Choi	4/5	1	100%
– Hou Shujun (Appointed as a Director on 9 June 2015)	3/3	0	100%
– Zang Xiuqing (Appointed as a Director on 9 June 2015)	3/3	0	100%

CORPORATE GOVERNANCE REPORT

During the Year, the Company held three general meetings. The attendance record of Directors at the general meetings during the Year is as follows:

Name	Number of meetings attended/ Number of meetings held during Directors' term of office	Attendance rate
Executive Directors		
– Xing Luzhen *(Chairman)*	3/3	100%
– He Shanqi (Resigned as a Director on 12 January 2015)	0/1	0%
– Tian Yunshan (Appointed as a Director on 12 January 2015)	2/2	100%
– Wang Lubiao	2/3	66.67%
– Ma Xiping	3/3	100%
Non Executive Directors		
– Zhao Ke	1/3	33.33%
– Li Jianping	2/3	66.67%
– Duan Gaosheng (Resigned as a Director on 9 June 2015)	0/2	0%
– Mi Xianwei (Appointed as a Director on 9 June 2015)	0/1	0%
Independent non-executive Directors		
– Shi Rongyao (Resigned as a Director on 9 June 2015)	0/2	0%
– Yu Shulian (Resigned as a Director on 9 June 2015)	1/2	50%
– Zhao Zhen	2/3	66.67%
– Li Man Choi	1/3	33.33%
– Hou Shujun (Appointed as a Director on 9 June 2015)	0/1	0%
– Zang Xiuqing (Appointed as a Director on 9 June 2015)	1/1	100%

Some Directors were absent from all or some of the general meetings of the Company due to other business commitments.

Board Committees

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

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

	Number of meetings attended/Number of meetings held during Directors' term of office			
Name	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee
Executive Directors				
– Xing Luzhen *(Chairman)*	–	–	–	1/1
– He Shanqi (Resigned as a Director on 12 January 2015)	–	–	–	–
– Tian Yunshan (Appointed as a Director on 12 January 2015)	–	1/1	–	1/1
– Wang Lubiao	–	–	–	–
– Ma Xiping	–	–	–	–
Non Executive Directors				
– Zhao Ke	–	–	–	–
– Li Jianping	–	–	1/1	–
– Duan Gaosheng (Resigned as a Director on 9 June 2015)	0/2	–	–	–
– Mi Xianwei (Appointed as a Director on 9 June 2015)	0/3	–	–	0/1
Independent Non-executive Directors				
– Shi Rongyao (Resigned as a Director on 9 June 2015)	–	1/1	–	–
– Yu Shulian (Resigned as a Director on 9 June 2015)	2/2	1/1	1/1	–
– Zhao Zhen	–	–	1/1	1/1
– Li Man Choi	5/5	–	–	–
– Hou Shujun (Appointed as a Director on 9 June 2015)	–	–	–	1/1
– Zang Xiuqing (Appointed as a Director on 9 June 2015)	3/3	–	–	–

Audit Committee

The Board has resolved to amend the terms of reference of the Audit Committee on 23 March 2016, which manifests the responsibilities of the Audit Committee for the risk management of the Company. The major responsibilities of the Audit Committee are (1) to propose the appointment, re-appointment or termination of external auditing firm; (2) to review and supervise the independence and objectiveness of the external auditors and the effectiveness of the audit process in accordance with applicable standards; (3) to review the financial information of the Company and its disclosure; (4) to supervise the financial reporting system, risk management and internal control systems of the Company; and (5) to enhance the communication between the internal and external auditors. The terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange.

The Audit Committee comprises three Directors, including Ms. Zang Xiuqing, Mr. Mi Xianwei and Mr. Li Man Choi. Ms. Zang Xiuqing, the independent non-executive Director, acts as chairman of the committee. All members of the Audit Committee are non-executive Directors and Ms. Zang Xiuqing and Mr. Li Man Choi are independent non-executive Directors.

During the Year, the Audit Committee convened meetings on 22 March 2015 and 20 August 2015 to review the financial results of the Group for year ended 31 December 2014 and for the six months ended 30 June 2015 before the same were submitted to the Board.

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

Remuneration and Appraisal Committee

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

The Remuneration and Appraisal Committee comprises three Directors, including independent non-executive Directors Mr. Hou Shujun and Ms. Zang Xiuqing, and executive Director Mr. Tian Yunshan during the Year. Independent non-executive Directors represent a majority in the committee. Mr. Hou Shujun, an independent non-executive Director, acts as chairman of the committee.

During the Year, the Remuneration and Appraisal Committee held one meeting on 22 March 2015 to review the remuneration packages of the Directors and senior management.

In accordance with paragraph B.1.5 of the Corporate Governance Code, the remunerations of the senior management by remuneration band for the year ended 31 December 2015 are set out below:

No.(notes)	Remuneration band (RMB)	Numbers of persons
1	0 – 500,000	17
2	500,001 – 1,000,000	7
3	1,000,001 – 1,500,000	0

Notes:

No.1 includes 11 Directors and 6 Supervisors and 0 member of the senior management;
No.2 includes 3 Directors, 1 Supervisor and 3 members of the senior management; and
No.3 includes 0 Director, 0 Supervisor and 0 member of the senior management.

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

Nomination Committee

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

The Nomination Committee comprises three Directors, including independent non-executive Directors Mr. Zhao Zhen and Ms. Zang Xiuqing, and non-executive Director Mr. Li Jianping during the Year. The independent non executive Directors represent a majority in the committee. Mr. Zhao Zheng, an independent non-executive Director, acts as chairman of the committee.

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

During the Year, the Nomination Committee held one meeting on 22 March 2015 to finish the work above.

Strategy Committee

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

The Strategy Committee comprises five Directors, including two executive Directors, one non-executive Director and two independent non-executive Directors during the Year, namely Mr. Xing Luzhen, chairman of the Board, Mr. Tian Yunshan, general manager, Mr. Mi Xianwei, Mr. Zhao Zhen and Mr. Hou Shujun. Mr. Xing Luzhen, chairman of the Board, acts as chairman of the committee.

Diversification of the Board

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

Name	Age	Education	Industry Experience	Location	Duration of service (since)
Executive Directors					
– Xing Luzhen *(Chairman)*	61	University graduate	Transportation, port operation	Hebei, China	March 2008
– He Shanqi (Resigned as a Director on 12 January 2015)	61	Master	Port operation	Hebei, China	April 2012
– TianYunshan (Appointed as a Director on 12 January 2015)	53	University graduate	Port operation	Hebei, China	January 2015
– Wang Lubiao	53	Master	Port operation	Hebei, China	April 2012
– Ma Xiping	48	Master	Port operation	Hebei, China	July 2013
Non Executive Directors					
– Zhao Ke	60	Master	Port operation	Hebei, China	March 2008
– Li Jianping	54	Master	Port investment	Hebei, China	June 2014
– Duan Gaosheng (Resigned as a Director on 9 June 2015)	54	Master	Construction, investment	Hebei, China	March 2008
– Mi Xianwei (Appointed as a Director on 9 June 2015)	51	Master	Construction, investment	Hebei, China	June 2015
Independent Non-executive Directors					
– Shi Rongyao (Resigned as a Director on 9 June 2015)	66	Master	Civil service	Beijing, China	July 2013
– Yu Shulian (Resigned as a Director on 9 June 2015)	63	Master	Education	Beijing, China	March 2008
– Zhao Zhen	50	Master	Law	Beijing, China	June 2014
– Li Man Choi	55	Master	Accounting, audit	Hong Kong	July 2013
– Hou Shujun (Appointed as a Director on 9 June 2015)	53	Master	Education	Tianjin, China	June 2015
– Zang Xiuqing (Appointed as a Director on 9 June 2015)	53	Master	Education	Hebei, China	June 2015

DIRECTOR

Appointment and Re-election of Directors

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

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

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

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

Nomination of Directors

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

Independence of Independent Non-executive Directors

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

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

Securities Transaction by Directors and Supervisors

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

Directors' Responsibilities on Financial Statements

The Directors have the responsibility to prepare the financial statements for the year ended 31 December 2015 to give a true and fair view of the affairs of the Company and the Group and the results and cash flow of the Group.

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

SHAREHOLDERS AND GENERAL MEETINGS

Particulars of the Controlling Shareholder and the Ultimate Controlling Shareholder

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

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

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

General Meetings

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

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

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

CONTROL SYSTEM

Supervisory Committee

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

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

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

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

During the Reporting Period, the Supervisory Committee convened regular meetings on 23 March 2015, 9 June 2015 and 19 November 2015 respectively, at which proposals including the 2014 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. was reviewed. The work of the Supervisory Committee is set out in the Report of Supervisory Committee in this annual report.

Internal Control

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

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

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

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

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

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

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

– the entire procurement procedure from application, approval, contracting, procurement, inspection and delivery and payment is improved through the improvement of purchase procedure and payment monitoring process to eliminate any loophole in procurement;

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

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

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

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

AUDITORS AND THEIR REMUNERATIONS

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

For the year ended 31 December 2015, the fees paid or payable to external auditors for interim review and annual audit services (annual audit services for subsidiaries included) were RMB3,100 thousand and RMB700 thousand, respectively.

Save as disclosed above, during the Year, the Group did not pay any fee to Ernst & Young Hua Ming LLP for non-audit services. The Audit Committee is satisfied that the independence of the auditors is not affected by the non-audit services provided in 2015.

JOINT COMPANY SECRETARIES

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

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

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

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

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONSHIP

Convening of Extraordinary General Meeting

In accordance with the Articles of Association, the Shareholders of the Company may demand, convene, chair, attend or attend by proxy general meetings and exercise voting rights thereat.

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

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

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

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

Enquiry to the Board

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

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

Procedures for Proposal at the General Meeting

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

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

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

Amendment of Constitutional Documents

During the Year, the Company amended the Articles of Association in January 2015. For details of the amendments, please refer to the announcements dated 12 January 2015 posted on the websites of the Stock Exchange and the Company. In addition, the Company proposed to amend the Articles of Association which would come into effect upon the completion of A Share Issue, which was approved by the Shareholders in the extraordinary general meeting held on 20 August 2015.

Communication with Investors and Investor Relationship

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

DIRECTORS

(1) Executive Directors

Mr. XING Luzhen (邢錄珍), aged 61, the chairman of the Board, an executive Director, and the party secretary of our Company. Mr. Xing graduated from the Institute of Chemical Defense of CPLA (中國人民解放軍防化學院) in fundamental theory of party and government in 1997. He has a professional qualification of senior economist. Mr. Xing has more than 25 years of experience in senior management in government institutions and/or major state-owned enterprises and over 15 years of experience in transportation and port industries. In July 2006, Mr. Xing joined QPG, the Controlling Shareholder of our Company, and has served as general manager, deputy party secretary, director and vice chairman. He has served as director, chairman and party secretary of HPG since April 2011. Mr. Xing joined our Company in March 2008 and served as a Director, vice chairman, president and deputy party secretary. Since December 2009, he served as chairman and party secretary of our Company.

Mr. TIAN Yunshan (田雲山), aged 53, currently serves as an executive Director, the general manager and deputy party secretary of the Company. Mr. Tian is a senior political engineer. He currently serves as the deputy party secretary and secretary of the discipline committee of the Company. Mr. Tian has good understanding of the business and management of the Company. Starting his career in August 1983, Mr. Tian has served as the chairman of the labor union, deputy party secretary and secretary of the discipline committee of the Sixth Port Branch of Qinhuangdao Port Authority (秦皇島港務局第六港務公司), manager of the Seventh Port Branch (第七港務分公司) of the Company and an employee supervisor of HPG. In October 2012, Mr. Tian was appointed as the deputy party secretary and secretary of the discipline committee of the Company. He was appointed as the general manager of the Company on 22 August 2014 and an executive Director of the Company on 12 January 2015.

Mr. WANG Lubiao (王錄彪), aged 53, an executive Director, deputy party secretary, and secretary of discipline committee of our Company. Mr. Wang graduated from Northwest Institute of Telecommunication Engineering (西北電訊工程學院) in 1983 with a bachelor's degree in engineering in radio communication and graduated from Yanshan University (燕山大學) in September 2004 with a master's degree of engineering in control engineering. He has a professional qualification of senior engineer. Mr. Wang joined the Qinhuangdao Port Authority (秦皇島港務局) (the predecessor of HPG) in August 1983. He has over 30 years of working experience in port operation. He has served various intermediate and senior management positions for approximately 20 years. Mr. Wang served as the deputy general manager and member of the party committee of the Company as well as the manager of the Sixth Port Branch since December 2009, deputy general manager and member of the party committee of the Company since July 2011, executive Director, deputy general manager and member of the party committee of the Company since April 2012. Since August 2014 to present, he served as an executive Director, deputy party secretary and secretary of discipline committee of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. MA Xiping (馬喜平), aged 48, an executive Director, deputy general manager, a member of the party committee and the secretary to the Board of our Company. Mr. Ma received a bachelor's degree in law in major of economic law from Renmin University of China (中國人民大學) in 1990, obtained a master's degree in administration in science and engineering from Yanshan University (燕山大學) in 2003, and has a professional qualification of senior economist. Mr. Ma started his career in July 1990 in the Qinhuangdao Port Authority (秦皇島港務局) and now has over 20 years of working experience in port industry. Moreover, he has served various intermediate and senior management positions for approximately 15 years. Mr. Ma has been serving as the deputy general manager and a member of the party committee since April 2012. He has served as an executive Director since July 2013. He has concurrently served as secretary to the Board since March 2008.

(2) Non-executive Directors

Mr. ZHAO Ke (趙克), aged 60, the vice chairman of the Board and a non-executive Director. Mr. Zhao graduated from Hebei Industrial College (河北工學院) with a bachelor's degree in chemical engineering in 1982 and obtained a master's degree in engineering in transportation planning and management from Dalian Maritime University (大連海事大學) in 2004. Mr. Zhao has a professional qualification of senior engineer and is engaged by HPG as a senior economist. Since 1975, Mr. Zhao joined the Qinhuangdao Port Authority (秦皇島港務局), the predecessor of HPG, and has over 35 years of working experience in port industry. He had served as intermediate and senior management in the port management authority and port enterprises for nearly 20 years. Since July 2009, he has been serving as a director, deputy general manager and a member of the standing committee of the party committee of HPG. Since December 2009, he has been serving as vice chairman and a Director of our Company. In addition, Mr. Zhao has been serving as a director of Daqin Railway Co., Ltd. (大秦鐵路股份有限公司, listed on the Shanghai Stock Exchange in August 2006; stock code: 601006) since May 2011 and as a director of Datong Coal Industry Co., Ltd. (大同煤業股份有限公司, listed on the Shanghai Stock Exchange in June 2006; stock code: 601001) from September 2004 to May 2013.

Mr. LI Jianping (李建平), aged 54, the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). Mr. Li graduated from Yanshan University in 1989, majoring in Electric Drive and Automation. Mr. Li has a master's degree and is a senior electronics engineer. Since 1989, Mr. Li has worked for Qinhuangdao Acrylic Fibre Plant (秦皇島腈綸廠) and served as electric workshops assistant and vice officer, deputy head of equipment and power division, deputy chief engineer of electric professionals and officer of engineer room of production department and deputy factory director and factory director. He has been the chairman, general manager and deputy party secretary of 秦皇島奧萊特腈綸有限公司 since May 2005. He has been the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited since March 2014, and the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) since January 2015.

Mr. MI Xianwei (米獻煒), aged 51, a director and the general manager of Hebei Communications Investment. Mr. Mi graduated from Nankai University with a PhD degree of economics in 2002. Mr. Mi served as the deputy general manager of HECIC Water Investment Co., Ltd. from June 2008 to March 2013, the general manager of the investment and development department of Hebei Construction & Investment Group Co., Ltd. from March to October 2013 and the general manager of HECIC Microcredit Co., Ltd. (河北建投小額貸款股份有限公司) from October 2013 to April 2015. He serves as the vice president of Tangshan Port Group Co., Ltd.* (唐山港集團股份有限公司) (a company listed on the Shanghai Stock Exchange since July 2010, stock code: 601000) since May 2015.

(3) Independent Non-executive Directors

Mr. LI Man Choi (李文才), aged 55, an independent non-executive Director. He obtained his Honours Diploma in Accounting from the Hong Kong Baptist University in 1986, his master's degree in Business Administration from Brunel University, United Kingdom in 1997 and his master's degree of Science in Accounting and Management Science from the University of Southampton, United Kingdom in 1998. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a Hong Kong Certified Public Accountant and a member of the Institute of Chartered Accountants in England and Wales. He has over 25 years of practical experience in accounting. Since June 2013, Mr. Li has been a partner of ZHONGLEI (HK) CPA Company Limited and a technical director of Pan-China Certified Public Accountants LLP, Chongqing Branch (天健會計師事務所(特殊普通合夥)重慶分所). In addition, since November 2015, Mr. Li has been the managing partner of Zenith CPA Limited. Mr. Li has been serving as an independent non-executive Director since July 2013. Moreover, Mr. Li also serves as the independent non-executive director of Beijing Digital Telecom Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 6188).

Mr. ZHAO Zhen (趙振), aged 50, a Chinese lawyer, is currently an independent non-executive Director and a senior partner of Beijing Far East Law Firm (北京市遠東律師事務所). He also serves as the vice president, chairman of the Legal Working Committee and office director of Credit Management Commission of China Communication Enterprise Management Association, a member of the Legal Expert Advisory Committee under the Ministry of Transport and an independent director of Inner Mongolia Linkage Potato Co., Ltd. (內蒙古凌志馬鈴薯科技股份有限公司). Mr. Zhao graduated from the Law School of Renmin University of China (中國人民大學) in 1989 and was awarded a master of laws degree from Renmin University of China in 2000. Mr. Zhao served as the deputy section chief of Supervision Bureau under the Ministry of Transport and an assistant to lawyer of China Lawyer Service Center (中國律師事務中心). He has been a lawyer and a senior partner in Beijing Far East Law Firm since 1996. Mr. Zhao has served as an independent director of Huabei Expressway Co., Ltd. (華北高速股份有限公司) (a company listed on the Shenzhen Stock Exchange; stock code: 000916) from 2002 to 2008, and an independent director of Guangxi Wuzhou Communications Co., Ltd. (廣西五洲交通股份有限公司) (a company listed on the Shanghai Stock Exchange; stock code: 600368) from 2009 to 2013. Subsequently, he was appointed as an independent director of Shandong Aofu Environmental Protection Technology Co., Ltd. (山東奧福環保科技股份有限公司) in April 2015 and was appointed as an independent director of Guangxi Wuzhou Communications Co., Ltd. (廣西五洲交通股份有限公司) (listed on the SSE, stock code: 600368) in the same month. Mr. Zhao has been an internal lawyer of National Small or Medium Enterprises Share Transfer System of Guotai Jun'an Securities Co., Ltd. (國泰君安證券股份有限公司) since 2007.

Ms. ZANG Xiuqing (臧秀清), aged 53, is currently an independent non-executive Director of the Company, a professor of Yanshan University, and the financial supervisor of Qinhuangdao Rongxuan Machinery Manufacturing Co., Ltd. Ms. Zang has been a teacher at Yanshan University since 1984, serving as a trainee assistant teacher, an assistant teacher, a lecturer, an associate professor and a professor. During the period from October 2004 to March 2005, Ms. Zang studied at Brunel University in the UK as a visiting scholar. During the period from March 2005 to March 2007, Ms. Zang served as an external director of Qinhuangdao Lihua Starch Co., Ltd. (秦皇島驪驊澱粉股份有限公司); during the period from September 2006 to September 2009, Ms. Zang served as a director of the third Fiscal Society of Qinhuangdao (秦皇島市第三屆財政學會理事); and since January 2007 till now, Ms. Zang served as the financial supervisor of Qinhuangdao Rongxuan Machinery Manufacturing Co., Ltd.; and from October 2007 to October 2010, she served as an external director of Qinhuangdao Jihua 3544 Shoe Co., Ltd. (秦皇島際華3544 鞋業有限公司). Ms. Zang graduated from the School of Economics and Management of Yanshan University in June 2010 majoring in science and engineering with a PhD degree in management.

Mr. HOU Shujun (侯書軍), aged 53, is currently an independent non-executive Director of the Company, the director of the Institute of Vibration Engineering (振動工程研究所) of Hebei University of Technology and a professor and a doctoral tutor of the School of Mechanical Engineering. During the period from July 1987 to October 1990, Mr. Hou had been a teacher of mechanical faculty in Hebei University of Technology, and from November 1990 to March 1994, he worked in the Shijiazhuang Mining Machinery Laboratory of the Ministry of Electrical and Electronics Industry (機電部石家莊礦山機械研究室), serving as an engineer, the director of research office; from April 1994 to July 2007, Mr. Hou was a teacher at Hebei University of Science and Technology, serving as a lecturer, an associate professor, and a professor. During the period from January 2002 to January 2003, Mr. Hou studied at the Swansea University and the University of Leeds in the UK as a visiting scholar. In November 2003, Mr. Hou founded the Institute of Vibration Engineering of Hebei University of Science and Technology, and acted as its director, and also acted as a professor in the College of Mechanical Engineering of Hebei University of Technology since July 2007. In November 2007, Mr. Hou founded the Institute of Vibration Engineering of Hebei University of Technology, and has acted as its director till now. He was elected as a doctoral tutor in May 2013. Mr. Hou graduated from Tianjin University in July 1999 majoring in general mechanics with a PhD degree of engineering.

SUPERVISORS

(1) Supervisors

Mr. Nie Yuzhong (聶玉中), aged 47, a Supervisor and the chairman of the Supervisory Committee. Mr. Nie graduated from the Department of Management Engineering of Wuhan Institute of Water Transport Engineering (武漢水運工程學院) in 1989, majoring in Science and Technology Information Management. He received a bachelor's degree of Arts from University of International Business and Economics (對外經濟貿易大學) in 2005 and obtained a master's degree in Business Administration from Xiamen University (廈門大學) in 2009. He is a senior economist and a senior political engineer. Mr. Nie has served as deputy general manager and general manager of Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島外輪代理有限責任公司), party secretary and secretary of the Discipline Committee of the Ninth Port Branch, and served as a manager of the Ninth Port Branch since July 2011. He was appointed as a Supervisor and the chairman of the Supervisory Committee since June 2014.

Mr. BU Zhouqing (卜周慶), aged 47, a Supervisor of the Company, the director of the Finance Department of HPG and a senior accountant. Mr. Bu graduated from Changsha Communications University with a bachelor's degree in the finance and accounting in July 1992. He held various leadership positions in the Qinhuangdao Port Authority (秦皇島港務局) (the predecessor of HPG) and Qinhuangdao Port Group Co., Ltd., and has acted as the deputy director of the Finance Department of the Company, the deputy director of the Finance Department of HPG, the director of the Finance Department of Hebei Port Group Service Management Co., Ltd. (河北港口集團服務管理公司) since December 2008. Mr. Bu served as the director of the Finance Department of the Company from July 2011 to June 2014, and has served as the director of the Finance Department of HPG since June 2014. He was appointed as a Supervisor of the Company since June 2015.

Mr. Liu Simang (劉巳莽), aged 43, a Supervisor of the Company. Mr. Liu graduated from Northeastern University at Qinhuangdao (東北大學秦皇島分校) in 1994 and obtained a master's degree in Business Administration (MBA) from Yanshan University in 2008 and holds a qualification as an accountant. Mr. Liu has been working since 1994 and has served as a salesman and sales manager of Qinhuangdao Yida Food Co., Limited (秦皇島益達食品有限公司), deputy general manager of Qinhuangdao Hairun Food Co., Limited (秦皇島市海潤食品有限公司), vice officer and officer of Asset Management Department and administration officer of Qinhuangdao Commerce and Trade State-owned Assets Investment and Operation Limited (秦皇島市商貿國有資產投資經營有限公司), and vice officer and deputy general manager of preparatory group of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). He is the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited. Mr. Liu was appointed as a Supervisor of the Company in June 2014. He was also appointed as a member of the party committee, director and deputy general manager of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) since November 2014.

(2) Employee Representative Supervisors

Mr. CAO Dong (曹棟), aged 47, an employee representative Supervisor of our Company. Mr. Cao received a bachelor's degree in economics in financial economics from Hebei University (河北大學) in July 1991 and a master's degree in software engineering from the University of Electronic Science and Technology of China (電子科技大學) in December 2011. He has the professional qualification of a senior accountant. Mr. Cao was deputy director of the Investment Center of QPG, deputy manager of general affairs office of construction headquarters of Caofeidian of QPG and deputy director of the audit department of our Company. He has served as director of the audit department of our Company since March 2012. He has served as deputy director and director of the audit department of HPG since October 2009. Mr. Cao has served as an employee representative Supervisor of our Company since August 2010. Mr. Cao also served as a supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (listed on the Shanghai Stock Exchange in November 2009; stock code: 600999) from September 2013 to May 2014, and has been its director since May 2014.

Mr. ZHANG Jun (張軍), aged 57, an employee representative Supervisor of the Company and the vice chairman of the labor union of our Company. Mr. Zhang graduated from the correspondence programme of the Central Party's School with a bachelor's degree in economics and management (Distance Education) in December 2000. He was the chairman of the labor union, party secretary and the secretary of the discipline committee of the Second Branch of the Company. He served as the manager of Railway Transportation Branch of our Company since March 2012, the deputy party secretary of Railway Transportation Branch of our Company since June 2014, and the vice chairman of the labor union of our Company since January 2015. He was appointed as an employee representative Supervisor of the Company since June 2015.

SENIOR MANAGEMENT

Mr. HE Zhenya (何振亞), aged 53, the deputy general manager and a member of the party committee of our Company. He has been engaged as a senior engineer by our Company. Mr. He graduated from China University of Mining and Technology (中國礦業大學), formerly known as China Institute of Mining and Technology (中國礦業學院), in 1986 with a bachelor's degree in engineering in metals and heat treatment and obtained a master's degree in engineering in machinery engineering from Yanshan University (燕山大學) in 2006. He joined the Qinhuangdao Port Authority in 1988 and acquired over 25 years of port industry experience. In the past 10 years, he held various intermediate and senior management positions and has extensive business and management experience. Since December 2009, he has been serving as the deputy general manager and a member of the party committee of our Company. From December 2009 to July 2011, he was also the manager of the Ninth Port Branch of the Company.

Mr. GUO Xikun (郭西錕), aged 51, the deputy general manager, the chief financial officer and a member of the party committee of our Company. He has the professional qualification of a senior accountant. He completed the postgraduate course in business management of Guanghua School of Management of Peking University (北京大學光華管理學院) and obtained a master's degree of EMBA from Beijing Jiaotong University (北京交通大學). Mr. Guo joined the Qinhuangdao Port Authority in 1988 and have since been engaged in finance-related work. He has over 25 years of experience in financial management and port industry related areas. In the past 15 years, he served in various intermediate and senior management positions. Since December 2009, he has served as chief financial officer and a member of the party committee of our Company, and was appointed as the deputy general manager of the Company on 22 August 2014. He has served as a director of Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) since July 2014. Mr. Guo previously served as a supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (listed on the Shanghai Stock Exchange in November 2009; stock code: 600999) from December 2001 to May 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. YANG Wensheng (楊文勝), aged 47, the deputy general manager and member of the party committee of the Company. Mr. Yang graduated from Shanghai Railway Institute (上海鐵道學院) with a bachelor's degree in July 1991 and he is a senior economist. He joined the Qinhuangdao Port Authority in 1991 and has since then been engaged in port operation related work. He had served as the section chief of the production section of the Railway Transport Company of the Qinhuangdao Port Authority (秦皇島港務局鐵運公司), the deputy manager of Rail Transportation Branch of Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司), the deputy director of the production department of Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司), the general manager of Qinren Sea Transportation Co., Ltd. (秦仁海運有限公司) and the manager of the Second Port Branch of our Company. Mr. Yang served as the director of the production department of our Company from September 2012 to January 2015, and has been appointed as the deputy general manager and member of the party committee of the Company since August 2014.

JOINT COMPANY SECRETARIES

Mr. ZHANG Nan (張楠), aged 36, the deputy director of the general office of the Board, the representative for securities affairs and the joint company secretary of our Company. He obtained a bachelor's degree in law majoring in economic law from Heilongjiang University (黑龍江大學) in July 2002. He is a registered corporate lawyer and a registered corporate legal advisor. He is a certified enterprise risk manager and has the qualification certificates of securities practice, secretary to the board of directors, securities affairs representative, independent director as well as financial and tax intermediate professional and technical position. Mr. Zhang has served as the deputy director of the general office of the Board and the representative for securities affairs of our Company since November 2013. He has been the joint company secretary of our Company since August 2013.

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

REPORT OF THE BOARD OF DIRECTORS

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

PRINCIPAL BUSINESS

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

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

FINANCIAL POSITION AND RESULTS

Financial position as at 31 December 2015 and profit of the Year of the Group are set out in pages 61 to 63 of this report.

DIVIDENDS

The Board proposed distribution of final dividends of RMB0.15 (tax inclusive) per Share for the Year to the Shareholders of the Company. If the profit distribution plan is approved by the Shareholders on the Annual General Meeting, final dividends will be distributed to Shareholders whose names appear on the register of members of the Company on 15 July 2016 before 16 August 2016. In accordance with the Articles of Association of the Company, dividends payable to holders of the Domestic Shares will be made and paid in RMB, whereas dividends payable to holders of the H Shares will be declared in RMB and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China (中國人民銀行) during the week prior to the Annual General Meeting to be held on 16 June 2016.

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

Due to changes in the PRC tax laws and regulations, according to the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents issued by the State Administration of Taxation (《關於公佈全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》) on 4 January 2011, individual Shareholders who hold the Company's H Shares and whose names appeared on the H Share Register of the Company can no longer be exempted from individual income tax pursuant to the Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (Guo Shui Fa [1993] No. 045) (《關於外商投資企業、外國企業和外籍個人取得股票（股權）轉讓收益和股息所得稅收問題的通知》（國稅發[1993]045號）) issued by the State Administration of Taxation, whilst pursuant to the letter titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Stock Exchange to the issuers on 4 July 2011 and the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 of State Administration of Taxation (Guo Shui Han [2011] No. 348) (《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征管問題的通知》（國稅函[2011]348號）), it is confirmed that the overseas resident individual shareholders holding shares of domestic non-foreign invested enterprises issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax arrangements between the countries where they reside and the PRC or the tax arrangements between the PRC and Hong Kong or the Macau Special Administrative Region of the PRC. Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified in the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

REPORT OF THE BOARD OF DIRECTORS

The Annual General Meeting for 2015 of the Company will be held on Thursday, 16 June 2016. In order to determine the holders of H Shares who will be entitled to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 17 May 2016 to Thursday, 16 June 2016 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares of the Company to qualify for attending the Annual General Meeting for 2015, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Monday, 16 May 2016.

Subject to the approval of the resolution regarding the declaration of dividends at the Annual General Meeting for 2015, dividends will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on 15 July 2016. The register of the Company will be closed from Sunday, 10 July 2016 to Friday, 15 July 2016 (both days inclusive), during which period no transfer of shares will be registered. In order for the holders of H Shares of the Company to qualify for receiving the final dividends, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 8 July 2016. The Company has no obligation and will not be responsible for confirming the identities of the Shareholders. The Company held no liability in respect of any claims arising from any delay in, or inaccurate determination of the identity of the Shareholders or any disputes over the mechanism of withholding.

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company has been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds of the Company from the Global Offering amounted to HK$3,823 million. During the Year, the use of proceeds from the Global Offering was in line with the usage disclosed in the Prospectus.

BANK BORROWINGS

As at 31 December 2015, details of bank borrowings of the Group are set out in Note V-19 & V-26 to the financial statements in this annual report.

FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Details of fixed assets and construction in progress of the Group in the Year are set out in Note V-11 & V-12 to the financial statements in this annual report.

UNDISTRIBUTED PROFITS AT THE END OF THE YEAR

Details of the undistributed profits of the Group in the Year are set out in "Consolidated Statement of Changes in Equity" in this annual report. As at 31 December 2015, undistributed profits at the end of the Year distributable to Shareholders amounted to approximately RMB1,251,322 thousand.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, revenue from the sales to the five largest customers by the Group accounted for approximately 50.27% of the total turnover of the Group, among which, revenue from the sales to the largest customer accounted for approximately 16.36% of the total turnover of the Group.

During the Year, our purchases made from the five largest suppliers of goods or services (i.e. our non-capital goods suppliers) accounted for 12.20% of operating cost of the Group, among which, our purchases made from the largest supplier of non-capital goods accounted for 5.38% of the operating cost of the Group; our purchases made from the five largest equipment and construction service suppliers (i.e. our capital goods suppliers) amounted to RMB126,963 thousand, among which, our purchases made from the largest equipment and construction service supplier amounted to RMB45,293 thousand.

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

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

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

CAPITAL COMMITMENT

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

DONATION

The charity and other donations of the Group made during the Year amounted to approximately RMB2 thousand.

CONNECTED TRANSACTIONS

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

As HPG Finance is the subsidiary of HPG and 60% of its equity is owned by HPG, HPG Finance is an associate of HPG and also the connected person of the Company.

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

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

NON-EXEMPT CONNECTED TRANSACTIONS

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

Establishment of Tangshan Port Investment & Development Co., Ltd.

On 24 April 2015, the Company entered into the Capital Contribution Agreement with Tangshan Port Group Co., Ltd., Caofeidian Port Group Co., Ltd., Tangshan Fengnan Construction Investment Co., Ltd., Tangshan Haiyida Group Co., Ltd. and Luannan Zuidong Port Enterprise Co., Ltd., for the establishment of Tangshan Port Investment & Development Co., Ltd. ("**Tangshan Port Investment**"). According to the Capital Contribution Agreement, the total registered capital of Tangshan Port Investment is RMB2 billion, among which, RMB1.12 billion is contributed by the Company, representing 56% of the total registered capital of Tangshan Port Investment. Tangshan Port Investment was established on 5 May 2015 and became a subsidiary of the Company.

Please refer to the related announcements on the websites of Stock Exchange and the Company for details of the establishment of Tangshan Port Investment & Development Co., Ltd.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

(A) Lease Agreement

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

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

(B) General Services Agreement

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

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

(C) Financial Services Framework Agreement

On 17 November 2014, the Company (on behalf of itself and its subsidiaries) entered into a financial services framework agreement ("**Old Financial Services Framework Agreement**") with HPG Finance, pursuant to which HPG Finance agreed to provide the financial services to the Group. The Agreement shall take effect till 31 December 2016. The Old Financial Services Framework Agreement as a framework agreement containing the scope of financial services provided by HPG Finance, transaction principle, annual caps and pricing terms and policies.

Pursuant to the Old Financial Services Framework Agreement, the financial services to be provided by HPG Finance to the Group include: (i) Deposit Taking Services, (ii) Loan Services, and (iii) Other Financial Services. For details of the Old Financial Services Framework Agreement, please refer to the relevant announcement on the websites of the Stock Exchange and the Company.

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

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

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

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

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

The Old Lease Agreement, Old General Services Agreement and Old Financial Services Framework Agreement:

(1) have been approved by the Board;

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

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

(4) do not exceed the annual caps as disclosed in the Prospectus during the Year.

As the Old General Services Agreement and Old Lease Agreement were expired on 31 December 2015, and the Old Financial Services Framework Agreement will be expired on 31 December 2016, the Company has entered into a new general services agreement ("**New General Services Agreement**") and a new lease agreement with HPG, and entered into a new financial services framework agreement ("**New Financial Services Framework Agreement**") with HPG Finance on 23 March 2016. The New Financial Services Framework Agreement, if approved by the Shareholders, will replace the Old Financial Services Framework Agreement with retroactive effect from 1 January 2016. For details, please refer to the announcement of the Company dated 23 March 2016.

The Company will hold the Annual General Meeting to consider and approve, among others, the ordinary resolutions regarding the New General Services Agreement and New Financial Services Framework Agreement and the transactions thereunder (including the determination of annual caps).

The related party transactions (which also constituted connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules) set out in Note X to the financial statements are in compliance with the disclosure requirement under Chapter 14A of the Listing Rules.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

Staff costs of the Group during the Year amounted to RMB2,614,414 thousand. For details of employees, remuneration policy and pension scheme of the Company, please refer to Note V-22 & V-27 to the financial statements.

SHARE CAPITAL

As at 31 December 2015, the total issued share capital of the Company amounted to RMB5,029,412,000, which divided into 5,029,412,000 Shares with a nominal value of RMB1.00 each, including:

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

Details of changes in share capital of the Company during the Year are set out in Note V-29 to the financial statements in this annual report.

PRE-EMPTIVE RIGHTS

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

SHARE OPTION SCHEME

The Company has not adopted any share option scheme.

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

As at 31 December 2015, so far as the Directors and Supervisors are aware, other than the Directors, Supervisors and the senior management of the Company, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Number of Shares held	Capacity	Class of Share	Percentage of the total number of relevant class of issued share capital of the Company	Percentage to total issued share capital of the Company	Long position/ short position
State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province	3,104,314,204 (note 1)	Interest of controlled corporation	Domestic Share	73.92%	61.72%	Long position
HPG	3,104,314,204 (note 1)	Beneficial owner	Domestic Share	73.92%	61.72%	Long position
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	629,824,026	Beneficial owner	Domestic Share	15.00%	12.52%	Long position
Hebei Construction & Investment Communications Investment Co., Ltd.	212,692,830	Beneficial owner	Domestic Share	5.06%	4.23%	Long position
Genesis Asset Managers, LLP	69,775,750	Investment manager	H Share	8.41%	1.39%	Long position
Fosun Holdings Limited	44,839,500 (note 2)	Interest of controlled corporation	H Share	5.40%	0.89%	Long position
Fosun International Holdings Ltd.	44,839,500 (note 2)	Interest of controlled corporation	H Share	5.40%	0.89%	Long position
Fosun International Limited	44,839,500 (note 2)	Interest of controlled corporation	H Share	5.40%	0.89%	Long position
Guo Guangchang	44,839,500 (note 2)	Beneficial owner	H Share	5.40%	0.89%	Long position
China Shipping (Group) Company	44,296,500 (note 3)	Interest of controlled corporation	H Share	5.34%	0.88%	Long position
China Shipping (Hong Kong) Holdings Co., Limited	44,296,500 (note 3)	Interest of controlled corporation	H Share	5.34%	0.88%	Long position
China Shipping Ports Development Co., Limited	44,296,500 (note 3)	Beneficial owner	H Share	5.34%	0.88%	Long position

Note:

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

2. Guo Guangchang (the direct controlling shareholder of Fosun International Holdings Ltd.), Fosun International Holdings Ltd. (the direct controlling shareholder of Fosun Holdings Limited), Fosun Holdings Limited (the direct controlling shareholder of Fosun International Limited) were deemed to be interested in 44,839,500 Shares of the Company respectively under the SFO; and

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

Save as disclosed above, as of 31 December 2015, to the best knowledge of our Directors and Supervisors, none of other persons (other than Directors, Supervisors and senior management of the Company) had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

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

To the best knowledge of our Directors, as of 31 December 2015, none of our Directors, or Supervisors or chief executive and their respective associates had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPURCHASE, SALES AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PUBLIC FLOAT

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

NON-COMPETITION AGREEMENT AND UNDERTAKING BY THE CONTROLLING SHAREHOLDER

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS AND SUPERVISORS

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

Executive Directors

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

Non-executive Directors

Mr. Zhao Ke
Mr. Li Jianping
Mr. Duan Gaosheng (resigned on 9 June 2015)
Mr. Mi Xianwei (appointed on 9 June 2015)

Independent Non-executive Directors

Mr. Shi Rongyao (resigned on 9 June 2015)
Ms. Yu Shulian (resigned on 9 June 2015)
Mr. Zhao Zhen
Mr. Li Man Choi
Mr. Hou Shujun (appointed on 9 June 2015)
Ms. Zang Xiuqing (appointed on 9 June 2015)

Supervisors

Mr. Nie Yuzhong
Mr. Wang Yashan (resigned on 9 June 2015)
Mr. Bu Zhouqing (appointed on 9 June 2015)
Mr. Liu Simang
Mr. Zhang Jun (appointed on 10 April 2015)
Mr. Cao Dong

Employee Representative Supervisors

Mr. Cao Dong
Mr. Zhang Jun

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THEIR DETAILS

Changes in Directors, Supervisors and Senior Management during the Year

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

On 9 June 2015, the Company held an annual general meeting and approved the appointment of Mr. Mi Xianwei as non-executive Director, Mr. Hou Shujun and Ms. Zang Xiuqing as independent non-executive Directors and the appointment of Mr. Bu Zhouqing as Supervisor of the Company. On the same date, Ms. Zang Xiuqing was appointed as the chairman of the Audit Committee, a member of the Remuneration and Appraisal Committee and the Nomination Committee; Mr. Mi Xianwei was appointed as a member of the Audit Committee and the Strategy Committee; Mr. Hou Shujun was appointed as the chairman of the Remuneration and Appraisal Committee and a member of the Strategy Committee.

On 9 June 2015, the following resignations came in effect:

1. Mr. Duan Gaosheng resigned as a non-executive Director, and a member of the Audit Committee and the Strategy Committee;

2. Mr. Shi Rongyao resigned as an independent non-executive Director, and a member of the Remuneration and Appraisal Committee and the Strategy Committee;

3. Ms. Yu Shulian resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration and Appraisal Committee and the Nomination Committee; and

4. Mr. Wang Yashan resigned as a Supervisor.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT SUBSEQUENT TO THE YEAR AND UP TO THE DATE OF THIS REPORT

Subsequent to the year and up to the date of this report, there was no other change in our Directors, Supervisors and senior management.

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

INTERESTS IN CONTRACTS OF SIGNIFICANCE OF DIRECTORS AND SUPERVISORS

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

INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

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

REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Remuneration of Directors and Supervisors is determined by the Remuneration Committee by making reference to the remuneration paid by comparable companies and time commitments and duties of Directors and Supervisors. Details of remuneration of Directors, Supervisors and the five highest paid individuals in the Year are set out in Note XIII-3 to XIII-4 to the financial statements in this annual report.

MANAGEMENT CONTRACTS

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

THE BOARD AND BOARD COMMITTEES

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

INDEMNITY PROVISION

The Company has purchased liability insurance valid for the Year for Directors, Supervisors and senior management of the Company in relation to their performance of duties.

MATERIAL LITIGATION AND ARBITRATION

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

AUDIT COMMITTEE

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

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

AUDITORS

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

REPORT OF THE BOARD OF DIRECTORS

BUSINESS REVIEW, RISK FACTORS FACED BY THE COMPANY AND MEASURES

Details of the business review, risk factors faced by the Company and measures is included in the "Management Analysis and Discussion" section in this report. The abovementioned "Management Discussion and Analysis – Major Risk Factors" forms part of this report.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to the 2015 profit distribution plan based on 5,029,412,000 Shares in issue deliberated at the fourth meeting of the third session of the Board held on 23 March 2016, the Company proposed to pay a cash dividend totaling RMB754,411,800.00 to all Shareholders, which is RMB0.15 per Share (inclusive of applicable tax). The resolution is subject to Shareholders' approval in general meeting.

By order of the Board
Xing Luzhen
Chairman

Qinhuangdao, Hebei, PRC
23 March 2016

REPORT OF SUPERVISORY COMMITTEE

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

EVALUATION ON THE BEHAVIOUR AND PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2015

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

OVERVIEW OF THE MEETINGS OF SUPERVISORY COMMITTEE

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

1. On 23 March 2015, the Supervisory Committee held its first meeting. At the meeting, the 2014 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司監事會2014年度工作報告》) and the Resolution on the Election of the Supervisory Committee of Qinhuangdao Port Co., Ltd. (《關於秦皇島港股份有限公司監事會換屆選舉的議案》) were considered and approved. In addition, the 2014 Financial Statements of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司2014年度財務決算報告》), the Proposals on 2015 Fixed Asset Investment of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司2015年度固定資產投資計劃》) and the Resolution on 2014 Profit Distribution of Qinhuangdao Port Co., Ltd. (《關於秦皇島港股份有限公司2014年度利潤分配的議案》) were considered and approved.

2. On 9 June 2015, the second meeting of the Supervisory Committee was held in which the Resolution on the Election of Chairman of the Supervisory Committee of Qinhuangdao Port Co., Ltd. (《關於選舉秦皇島港股份有限公司監事會主席的議案》) was considered and approved. Mr. Nie Yuzhong was elected as the Chairman of the third session of the Supervisory Committee of the Company.

3. On 19 November 2015, the third meeting of the Supervisory Committee was held in which the Resolution on the Work Report on Project Review on the Labour Management and Use of Labour Costs of Qinhuangdao Port Co., Ltd. (《關於秦皇島港股份有限公司勞務用工管理及勞務費使用情況的專項檢查報告》) was considered and approved.

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

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

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

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

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

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

REPORT OF SUPERVISORY COMMITTEE

INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT ISSUES IN YEAR 2015

(A) Compliance of the Company

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

(B) Financial Position and Annual Report of the Company

The Supervisory Committee duly reviewed and discussed the audited financial statements of the Company for 2015 and considered that it gave an objective, true, reasonable view in compliance with the laws, regulations and the Articles of Association of the Company. It also gave a complete and objective picture of the Company without any false representations, misleading statements or material omissions.

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

(C) Use of Proceeds

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

(D) Supervision and Review on Connected Transactions

The Supervisory Committee carried out supervision and review on connected transactions (including continuing connected transactions) during the Year. No connected transactions were found to be unfair and detrimental to the interests of the Company and the Shareholders as a whole.

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

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

REPORT OF SUPERVISORY COMMITTEE

PROSPECTS OF THE SUPERVISORY COMMITTEE FOR 2016

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

By Order of the Board
NIE Yuzhong
Chairman

AUDITORS' REPORT

Ernst & Young Hua Ming (2016) Shen Zi No. 61063699_E02

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

We have audited the accompanying financial statements of Qinhuangdao Port Co., Ltd., which comprise the consolidated and company balance sheets as at 31 December 2015, and the consolidated and company income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements.

I. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

II. AUDITORS' RESPONSIBILITY

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

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

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

AUDITORS' REPORT

Ernst & Young Hua Ming (2016) Shen Zi No. 61063699_E02

III. OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and company financial position of Qinhuangdao Port Co., Ltd. as at 31 December 2015, and its consolidated and its company operating results and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Meng Dong

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Zhang Yan

23 March 2016

CONSOLIDATED BALANCE SHEET

31 December 2015

RMB

Assets	Note V	31 December 2015	31 December 2014
Current assets			
Cash and bank balances	1	2,483,302,306.65	3,095,475,670.05
Bills receivable	2	83,760,965.06	75,817,721.80
Accounts receivable	3	178,236,586.19	208,103,086.57
Prepayments	4	5,347,566.22	6,911,273.14
Interest receivable		24,225.00	–
Other receivables	5	19,316,925.30	42,704,201.60
Inventories	6	197,221,032.56	199,661,932.26
Other current assets	7	198,769,174.41	154,165,982.46
Total current assets		3,165,978,781.39	3,782,839,867.88
Non-current assets			
Available-for-sale financial assets	8	710,376,014.95	710,376,014.95
Long-term equity investments	9	1,505,195,201.36	1,471,034,416.26
Investment properties	10	6,286,150.00	6,434,350.00
Fixed assets	11	11,007,187,787.64	11,817,708,396.92
Construction in progress	12	9,655,820,466.36	9,254,680,699.09
Intangible assets	13	934,630,231.45	940,241,413.05
Long-term prepaid expenses	14	3,586,952.39	141,850.09
Deferred tax assets	15	175,566,609.12	148,024,801.70
Other non-current assets	17	5,662,384.75	5,296,916.60
Total non-current assets		24,004,311,798.02	24,353,938,858.66
Total assets		27,170,290,579.41	28,136,778,726.54

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2015

RMB

Liabilities and shareholders' equity	Note V	31 December 2015	31 December 2014
Current liabilities			
Short-term borrowings	19	1,450,000,000.00	1,553,906,160.15
Accounts payable	20	100,933,703.32	104,744,909.38
Deposits received	21	387,831,826.28	540,266,224.40
Employee benefits payable	22	117,489,734.18	85,539,203.98
Taxes payable	23	64,247,956.26	211,107,564.45
Interest payable	24	17,522,440.97	20,391,078.80
Dividends payable		2,309.54	1,141.91
Other payables	25	1,438,689,342.57	2,430,213,492.95
Non-current liabilities due within one year	26	679,102,320.56	469,214,800.00
Total current liabilities		4,255,819,633.68	5,415,384,576.02
Non-current liabilities			
Long-term borrowings	26	9,455,851,621.98	8,986,967,656.50
Long-term employee benefits payable	27	65,492,908.50	–
Deferred income	28	352,227,786.10	316,651,178.29
Total non-current liabilities		9,873,572,316.58	9,303,618,834.79
Total liabilities		14,129,391,950.26	14,719,003,410.81
Shareholders' equity			
Share capital	29	5,029,412,000.00	5,029,412,000.00
Capital reserve	30	4,506,903,112.81	4,506,903,112.81
Other comprehensive income	44	1,788,437.76	–
Special reserve	31	10,884,608.51	21,544,992.62
Surplus reserve	32	1,015,722,853.98	884,205,714.39
Retained profit	33	1,251,321,607.34	1,798,642,550.46
Total equity attributable to shareholders of the parent		11,816,032,620.40	12,240,708,370.28
Minority interests		1,224,866,008.75	1,177,066,945.45
Total shareholders' equity		13,040,898,629.15	13,417,775,315.73
Total liabilities and shareholders' equity		27,170,290,579.41	28,136,778,726.54

The financial statements have been signed by:

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

CONSOLIDATED INCOME STATEMENT

For the year ended 2015

RMB

	Note V	2015	2014
Revenue	34	6,889,894,269.46	7,223,102,706.10
Less: Operating costs	34	4,078,925,529.15	4,076,995,871.49
Business tax and surcharges	35	35,269,099.09	35,993,457.68
Selling expenses		24,168.19	212,902.51
Administrative expenses	36	1,072,525,456.51	872,947,711.04
Financial costs	37	296,972,798.07	333,804,159.05
Asset impairment loss	38	(15,583,682.92)	(14,197,745.43)
Add: Investment income	39	238,593,530.24	237,153,522.85
Including: investment income from associates and joint ventures		171,912,497.39	173,457,997.08
Operating profits		1,660,354,431.61	2,154,499,872.61
Add: Non-operating income	40	68,487,321.11	426,494,593.06
Including: Gain on disposal of non-current assets		3,633,926.03	4,945,957.55
Less: Non-operating expenses	41	15,423,935.82	23,611,092.34
Including: Losses on disposal of non-current assets		9,970,696.17	22,413,179.22
Total profit		1,713,417,816.90	2,557,383,373.33
Less: Income tax expenses	43	367,055,676.40	580,076,900.02
Net profit		1,346,362,140.50	1,977,306,473.31
Net profit attributable to shareholders of the parent		1,344,490,396.47	1,980,144,727.01
Minority interests		1,871,744.03	(2,838,253.70)
Other comprehensive income, net of tax			
Other comprehensive income attributable to the owner of the parent, net of tax			
Other comprehensive income that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign currency denominated financial statements	44	1,788,437.76	–
Other comprehensive income attributable to minority shareholders, net of tax		–	–
Total comprehensive income		1,348,150,578.26	1,977,306,473.31
Including:			
Total comprehensive income attributable to the owner of the parent		1,346,278,834.23	1,980,144,727.01
Total comprehensive income attributable to minority shareholders		1,871,744.03	(2,838,253.70)
Earnings per share			
Basic and diluted earnings per share	45	0.27	0.39

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 2015

RMB

	Note V	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
		Equity attributable to shareholders of the parent								
I. Current year's opening balance		5,029,412,000.00	4,506,903,112.81	–	21,544,992.62	884,205,714.39	1,798,642,550.46	12,240,708,370.28	1,177,066,945.45	13,417,775,315.73
II. Changes during the year										
(I) Total comprehensive income										
1. Net profit		–	–	–	–	–	1,344,490,396.47	1,344,490,396.47	1,871,744.03	1,346,362,140.50
2. Other comprehensive income		–	–	1,788,437.76	–	–	–	1,788,437.76	–	1,788,437.76
(II) Contributions from Shareholders										
1. Establishment of new subsidiaries		–	–	–	–	–	–	–	44,000,000.00	44,000,000.00
2. Capital injection to subsidiaries		–	–	–	–	–	–	–	2,720,000.00	2,720,000.00
(III) Profit distribution										
1. Appropriation to surplus reserves		–	–	–	–	131,517,139.59	(131,517,139.59)	–	–	–
2. Distribution to shareholders	33	–	–	–	–	–	(1,760,294,200.00)	(1,760,294,200.00)	(320,000.00)	(1,760,614,200.00)
(IV) Special reserve										
1. Accrual		–	–	–	73,691,974.58	–	–	73,691,974.58	677,555.24	74,369,529.82
2. Usage		–	–	–	(84,352,358.69)	–	–	(84,352,358.69)	(1,150,235.97)	(85,502,594.66)
III. Current year's closing balance		5,029,412,000.00	4,506,903,112.81	1,788,437.76	10,884,608.51	1,015,722,853.98	1,251,321,607.34	11,816,032,620.40	1,224,866,008.75	13,040,898,629.15

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 2014

RMB

	Note V	Equity attributable to shareholders of the parent							
		Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
I. Current year's opening balance		5,029,412,000.00	4,506,054,042.23	34,545,844.25	683,389,559.34	1,628,725,818.50	11,882,127,264.32	1,166,797,519.44	13,048,924,783.76
II. Changes during the year									
(I) Total comprehensive income		–	–	–	–	1,980,144,727.01	1,980,144,727.01	(2,838,253.70)	1,977,306,473.31
(II) Contributions from Shareholders									
1. Related expenses of issuance of H Shares		–	879,070.58	–	–	–	879,070.58	–	879,070.58
2. Establishment of new subsidiaries		–	–	–	–	–	–	18,000,000.00	18,000,000.00
3. Capital injection to subsidiaries		–	(30,000.00)	–	–	–	(30,000.00)	30,000.00	–
4. Disposal of subsidiaries		–	–	–	–	–	–	(1,356,139.45)	(1,356,139.45)
(III) Profit distribution									
1. Appropriation to surplus reserves		–	–	–	200,816,155.05	(200,816,155.05)	–	–	–
2. Distribution to shareholders	33	–	–	–	–	(1,609,411,840.00)	(1,609,411,840.00)	(3,642,267.61)	(1,613,054,107.61)
(IV) Special reserve									
1. Accrual		–	–	72,488,233.21	–	–	72,488,233.21	672,794.72	73,161,027.93
2. Usage		–	–	(85,489,084.84)	–	–	(85,489,084.84)	(596,707.95)	(86,085,792.79)
III. Current year's closing balance		5,029,412,000.00	4,506,903,112.81	21,544,992.62	884,205,714.39	1,798,642,550.46	12,240,708,370.28	1,177,066,945.45	13,417,775,315.73

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 2015

RMB

	Note V	2015	2014
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		7,172,413,227.64	7,583,207,735.39
Cash received relating to other operating activities		100,925,013.22	429,423,140.12
Sub-total of cash inflows		7,273,338,240.86	8,012,630,875.51
Cash paid for goods and services		1,111,538,919.23	1,177,051,978.65
Cash paid to and on behalf of employees		2,427,371,514.76	2,359,251,388.64
Cash paid for all taxes		944,174,184.23	981,449,357.86
Cash paid relating to other operating activities		469,015,290.25	511,067,583.16
Sub-total of cash outflows		4,952,099,908.47	5,028,820,308.31
Net cash flows from operating activities	46	2,321,238,332.39	2,983,810,567.20
II. Cash flows from investing activities			
Cash received from return of investment		213,020,800.00	368,410,196.89
Cash received from disposal of other entities		–	5,734,810.37
Cash received from investment income		206,656,807.85	169,070,214.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,084,336.98	5,116,188.52
Cash received relating to other investing activities		68,073,000.00	88,000,000.00
Sub-total of cash inflows		491,834,944.83	636,331,410.36
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,437,131,331.20	3,329,568,167.51
Cash paid for investments		–	333,330,000.00
Cash paid for investment in time deposits		1,097,160,000.00	143,020,800.00
Net cash from disposal of subsidiaries	46	–	2,625,169.03
Restricted funds deposited with financial institutions		–	215,280.00
Sub-total of cash outflows		2,534,291,331.20	3,808,759,416.54
Net cash flows from investing activities		(2,042,456,386.37)	(3,172,428,006.18)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 2015

RMB

	Note V	2015	2014
III. Cash flows from financing activities			
Cash received from capital contribution		46,720,000.00	18,000,000.00
Including: cash received from capital contribution by minority shareholders to subsidiaries		46,720,000.00	18,000,000.00
Cash received from borrowings		3,339,080,161.00	4,515,766,424.92
Sub-total of cash inflows		3,385,800,161.00	4,533,766,424.92
Cash paid for repayments of borrowings		2,764,232,853.76	4,267,053,263.85
Cash paid for distribution of dividends or profits and for interest expenses		2,433,974,129.69	2,300,105,626.29
Including: dividends paid to minority shareholders by subsidiaries		320,000.00	3,642,267.61
Cash paid relating to other financing activities		1,300,000.00	446,561,680.78
Sub-total of cash outflow		5,199,506,983.45	7,013,720,570.92
Net cash flows from financing activities		(1,813,706,822.45)	(2,479,954,146.00)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		9,142,313.03	33,454,674.97
V. Net increase in cash and cash equivalents		(1,525,782,563.40)	(2,635,116,910.01)
Add: Balance of cash and cash equivalents at the beginning of the year		2,902,239,590.05	5,537,356,500.06
VI. Balance of cash and cash equivalents at the end of the year	46	1,376,457,026.65	2,902,239,590.05

BALANCE SHEET

31 December 2015

RMB

Assets	Note XIV	31 December 2015	31 December 2014
Current assets			
Cash and bank balances		1,199,009,028.77	1,822,290,708.54
Bills receivable		80,461,519.44	72,517,721.80
Accounts receivable	1	160,791,672.57	183,785,980.98
Prepayments		1,394,571.21	796,537.03
Other receivables	2	6,084,467.62	6,733,012.02
Inventories		184,081,916.52	192,956,545.00
Other current assets		6,843,817.12	–
Total current assets		1,638,666,993.25	2,279,080,505.37
Non-current assets			
Available-for-sale financial assets	3	562,752,357.95	562,752,357.95
Long-term equity investments	4	7,053,952,610.31	6,862,213,014.62
Investment properties		6,286,150.00	6,434,350.00
Fixed assets		5,551,259,522.13	6,053,974,129.01
Construction in progress		68,387,450.36	194,835,121.80
Intangible assets		407,323,430.54	421,171,167.45
Deferred tax assets		132,672,352.34	105,090,006.74
Other non-current assets		5,463,625.00	5,255,916.60
Total non-current assets		13,788,097,498.63	14,211,726,064.17
Total assets		15,426,764,491.88	16,490,806,569.54

BALANCE SHEET (CONTINUED)

31 December 2015

RMB

Liabilities and shareholders' equity	31 December 2015	31 December 2014
Current liabilities		
Short-term borrowings	1,410,000,000.00	1,503,906,160.15
Accounts payable	55,227,856.76	82,515,530.17
Deposits received	355,113,884.37	530,056,642.77
Employee benefits payable	111,009,627.26	80,459,955.11
Taxes payable	59,183,636.25	206,959,607.91
Interest payable	3,133,487.50	5,042,117.54
Dividends payable	2,309.54	1,141.91
Other payables	226,304,983.55	221,531,244.60
Non-current liabilities due within one year	328,000,000.00	310,000,000.00
Total current liabilities	2,547,975,785.23	2,940,472,400.16
Non-current liabilities		
Long-term borrowings	570,000,000.00	898,000,000.00
Long-term employee benefits payable	65,492,908.50	–
Deferred income	352,227,786.10	316,651,178.29
Total non-current liabilities	987,720,694.60	1,214,651,178.29
Total liabilities	3,535,696,479.83	4,155,123,578.45
Shareholders' equity		
Share capital	5,029,412,000.00	5,029,412,000.00
Capital reserve	4,500,194,317.96	4,500,194,317.96
Special reserve	10,696,105.01	10,188,279.91
Surplus reserve	1,015,584,509.21	884,067,369.62
Retained profit	1,335,181,079.87	1,911,821,023.60
Total shareholders' equity	11,891,068,012.05	12,335,682,991.09
Total liabilities and shareholders' equity	15,426,764,491.88	16,490,806,569.54

INCOME STATEMENT

For the year ended 2015

RMB

	Note XIV	2015	2014
Revenue	5	5,829,744,310.38	6,309,161,544.90
Less: Operating costs	5	3,334,999,482.32	3,376,361,483.07
Business tax and surcharges		30,008,527.64	31,770,338.70
Administrative expenses		995,044,593.13	802,561,112.51
Financial costs		97,589,617.05	122,391,322.12
Asset impairment loss		(17,272,684.87)	(10,030,115.45)
Add: Investment income	6	237,946,307.98	236,942,384.13
Including: investment income from associates and joint ventures		177,016,307.98	173,441,731.57
Operating profits		1,627,321,083.09	2,223,049,788.08
Add: Non-operating income		67,416,124.93	385,207,936.62
Including: Gain on disposal of non-current assets		3,633,926.03	4,945,957.55
Less: Non-operating expenses		15,272,582.62	14,862,371.54
Including: Losses on disposal of non-current assets		9,966,281.48	13,681,473.73
Total profit		1,679,464,625.40	2,593,395,353.16
Less: Income tax expenses		364,293,229.54	585,233,802.64
Net profit		1,315,171,395.86	2,008,161,550.52
Other comprehensive income, net of tax		–	–
Total comprehensive income		1,315,171,395.86	2,008,161,550.52

STATEMENT OF CHANGES IN EQUITY

For the year ended 2015 and 2014

RMB

2015

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current year's opening balance	5,029,412,000.00	4,500,194,317.96	10,188,279.91	884,067,369.62	1,911,821,023.60	12,335,682,991.09
II. Changes during the year						
(I) Total comprehensive income	–	–	–	–	1,315,171,395.86	1,315,171,395.86
(II) Profit distribution						
1. Appropriation to surplus reserves	–	–	–	131,517,139.59	(131,517,139.59)	–
2. Distribution to shareholders	–	–	–	–	(1,760,294,200.00)	(1,760,294,200.00)
(III) Special reserve						
1. Accrual	–	–	65,884,817.75	–	–	65,884,817.75
2. Usage	–	–	(65,376,992.65)	–	–	(65,376,992.65)
III. Current year's closing balance	5,029,412,000.00	4,500,194,317.96	10,696,105.01	1,015,584,509.21	1,335,181,079.87	11,891,068,012.05

2014

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

STATEMENT OF CASH FLOWS

For the year ended 2015

RMB

	2015	2014
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	6,014,398,082.16	6,605,896,833.41
Cash received relating to other operating activities	64,418,588.37	378,790,664.54
Sub-total of cash inflows	6,078,816,670.53	6,984,687,497.95
Cash paid for goods and services	822,813,124.99	906,712,196.93
Cash paid to and on behalf of employees	2,245,852,076.68	2,174,118,639.70
Cash paid for all taxes	907,303,887.83	939,295,207.68
Cash paid relating to other operating activities	421,515,476.68	458,106,257.13
Sub-total of cash outflows	4,397,484,566.18	4,478,232,301.44
Net cash flows from operating activities	1,681,332,104.35	2,506,455,196.51
II. Cash flows from investing activities		
Cash received from return of investment	70,000,000.00	10,500,000.00
Cash received from disposal of subsidiaries and other entities	–	5,653,599.51
Cash received from investment income	200,930,000.00	170,814,725.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,070,252.08	6,344,336.27
Cash received relating to other investing activities	68,073,000.00	88,000,000.00
Sub-total of cash inflows	343,073,252.08	281,312,661.75
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	152,825,789.29	262,291,985.39
Cash paid for investments	952,475,000.00	1,243,994,046.00
Restricted funds deposited with financial institutions	–	215,280.00
Sub-total of cash outflows	1,105,300,789.29	1,506,501,311.39
Net cash flows from investing activities	(762,227,537.21)	(1,225,188,649.64)

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 2015

RMB

	2015	2014
III. Cash flows from financing activities		
Cash received from borrowings	1,710,000,000.00	2,238,990,316.92
Sub-total of cash inflows	1,710,000,000.00	2,238,990,316.92
Cash paid for repayments of borrowings	2,113,924,178.80	3,331,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	1,894,528,903.26	1,791,359,120.27
Cash paid relating to other financing activities	1,300,000.00	446,561,680.78
Sub-total of cash outflow	4,009,753,082.06	5,568,920,801.05
Net cash flows from financing activities	(2,299,753,082.06)	(3,329,930,484.13)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	7,366,835.15	33,457,059.48
V. Net increase in cash and cash equivalents	(1,373,281,679.77)	(2,015,206,877.78)
Add: Balance of cash and cash equivalents at the beginning of the year	1,772,075,428.54	3,787,282,306.32
VI. Balance of cash and cash equivalents at the end of the year	398,793,748.77	1,772,075,428.54

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. (the "Company") is a joint stock company with limited liability incorporated in Hebei province, the People's Republic of China on 31 March 2008. The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 12 December 2013. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province.

The main operating activities of the Company and its subsidiaries (collectively referred to as the "Group") are: provision of terminal facilities for vessels and provision of port services such as loading and discharging, stacking, warehousing, transportation, container stacking and less than container load services; other port related services such as tugboat service, lease and repair of harbour facilities, equipment and machinery, cargo weighing, freight forwarding, port tallying and provision of power and electrical engineering services; and import and export services of goods. The Group's port services mainly handle coal and metal ores as well as other types of cargo including oil and liquefied chemicals and general cargo and containers.

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

These financial statements have been approved by the board of directors of the Company by resolutions on 23 March 2016. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently by the Ministry of Finance (collectively referred to as "Accounting Standards for Business Enterprises").

As of 31 December 2015, the Group's net current liabilities amounted to approximately RMB1.09 billion, of which current assets amounted to approximately RMB3.166 billion and current liabilities amounted approximately RMB4.256 billion. In preparing the financial statements, the management have considered the Group's sources of liquidity, and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group adopts specific accounting policies and accounting estimates according to the actual production and management features, which include provision for bad debt of receivables, accounting method for inventories, provision for fixed assets depreciation and intangible assets amortization.

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2015 and their financial performance and cash flows for 2015.

2. Accounting Period

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

3. Functional Currency

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

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

4. Business Combinations

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

Business combinations under common control

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business Combinations (continued)

Business combinations not under common control

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

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

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

5. Consolidated Financial Statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 2015 of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company.

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated Financial Statements (continued)

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

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

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

Change in non-controlling interests that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.

6. Classifications of Joint Arrangement and Joint Operations

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

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

7. Cash and Cash Equivalents

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

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

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

9. Financial Instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Recognition and derecognition of financial instruments (continued)

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

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

Classification and measurement of financial assets

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

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

Financial assets at fair value through profit or loss

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

Dividend income or interest income related to financial assets at fair value through profit or loss is credited to profit or loss for the current period.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Classification and measurement of financial assets (continued)

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

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Classification and measurement of financial liabilities

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Classification and measurement of financial liabilities (continued)

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

Offsetting of financial instruments

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (continued)

Impairment of financial assets (continued)

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

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

Available-for-sale financial assets

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

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

Financial assets carried at cost

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

Transfers of financial assets

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables

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

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

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

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

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

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

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

11. Inventories

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (continued)

The Group adopts perpetual inventory system.

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

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

12. Long-term Equity Investments

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

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained profits). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held prior to the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognised under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as financial instruments shall be transferred in full to current profit and loss upon the change to cost accounting. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued; for those acquired by the swap of non-monetary assets, initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term Equity Investments (continued)

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

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term Equity Investments (continued)

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

13. Investment Properties

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

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

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

14. Fixed Assets

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed Assets (continued)

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

	Useful life	Estimated net residual value ratio	Annual depreciation rate
Buildings	20 – 35 years	3%	2.77 – 4.85%
Terminal facilities	20 – 30 years	3%	3.23 – 4.85%
Machinery and equipment	6 – 20 years	3%	4.85 – 16.17%
Vessels and transportation equipment	6 – 10 years	3%	9.70 – 16.17%
Office and other equipment	6 years	3%	16.17%

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

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

15. Construction in Progress

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

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

16. Borrowing Costs

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing Costs (continued)

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

(1) expenditures for the asset are being incurred;

(2) borrowing costs are being incurred;

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

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

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

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

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

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

17. Intangible Assets

An intangible asset shall be recognised only when its related economic benefits will probably flow to the Group and its costs can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination not under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured at fair value.

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

The useful lives of the intangible assets are as follows:

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible Assets (continued)

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

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

18. Asset Impairment

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

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

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

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Long-term Prepaid Expenses

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

20. Employee Benefits

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

Short-term employee benefits

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

Post-employment benefits (defined contribution plans)

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

Termination benefits

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

Other long-term employee benefits

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

21. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

(1) the obligation is a present obligation of the Group;

(2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;

(3) the amount of the obligation can be measured reliably.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Provisions (continued)

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

22. Revenues

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

Revenue from the sales of goods

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

Revenue from the rendering of services

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenues (continued)

Lease income

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

Interest income

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

23. Government Grants

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

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

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

24. Income Tax

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Income Tax (continued)

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

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

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

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

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

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Lease

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

In the case of being the lessee of an operating lease

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

In the case of being the lessor of an operating lease

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

26. Profit Distribution

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

27. Production Safety Expense

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

28. Significant Accounting Judgments and Estimates

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

Uncertainty of estimation

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Significant Accounting Judgments and Estimates (continued)

Uncertainty of estimation (continued)

Useful lives and residual values of fixed assets

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

Impairment of accounts receivable and other receivables

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

Allowance for inventories

Allowance for inventories represents the provision for impairment of the slow moving inventories based on their ages. The management's judgments and estimates are required for determining inventory impairment on the basis of clear evidence, purpose of holding the inventories, effect of subsequent events and other factors. The difference between the actual outcome and original estimate will affect the carrying amount of inventories and provision and reversal of decline in value of inventories during the estimated revision period.

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

The Group assesses whether there are any indication of impairment for all non-current assets other than financial assets at the balance sheet date. Non-current assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. Impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less disposal costs and the present value of the future cash flows. The calculation of the fair value less disposal costs is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When present value of future cash flows calculations are undertaken, the management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred income tax assets

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

IV. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

Value-added tax ("VAT")	–	The Group is subject to VAT at tax rate of 17% on the taxable sales. The VAT payable is determined by the output VAT net of deductible input VAT for the current period.
	–	From 1 August 2013, according to the Circular on Tax Policies in the Nationwide Pilot Practice of Levying VAT in Lieu of Business Tax on the Transportation Industry and Some Modern Services Industries (關於在全國開展交通運輸業和部份現代服務業營業稅改徵增值稅試點稅收政策的通知), which is jointly published by the Ministry of Finance of the People's Republic of China and the State Administration of Taxation on 27 May 2013, the Group's related port service revenues are taxable to VAT which replaces business taxation. The applicable tax rate is 6%, and is levied after deducting deductible input VAT for the current period.
Business tax	–	It is levied at 3% – 5% of the taxable business turnover.
City maintenance and construction tax	–	It is levied at 7% of VAT and business tax paid actually
Enterprise income tax	–	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences. Income tax rate for overseas subsidiaries is 16.5%.
Property tax	–	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income of the properties.

2. Tax Preferences

Enterprise income tax

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

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	2015	2014
Cash on hand	52,597.44	33,015.11
Bank deposits	2,483,249,709.21	3,095,442,654.94
	2,483,302,306.65	3,095,475,670.05
Less: Restricted bank deposits	9,685,280.00	215,280.00
Time deposits with maturity of more than three months	1,097,160,000.00	193,020,800.00
Cash and cash equivalents	1,376,457,026.65	2,902,239,590.05

As at 31 December 2015, the ownership of the bank deposits of the payment guarantee deposits amounting to RMB215,280.00 (31 December 2014: RMB215,280,000) of the Group due to project construction and the deposit of letter of credit amounting to RMB9,470,000.00 due to the purchase of goods were subject to restriction.

As at 31 December 2015, the cash and bank balances deposited overseas by the Group were equivalent to RMB71,098,613.02 (31 December 2014: RMB30,061,189.06).

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term time deposits vary from 7 days to 1 year depending on the cash requirements of the Group and earn interest at the respective deposit rates.

2. Bills Receivable

	2015	2014
Commercial acceptance notes	6,000,000.00	5,259,181.00
Bank acceptance notes	77,760,965.06	70,558,540.80
	83,760,965.06	75,817,721.80

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

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

2. Bills Receivable (continued)

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

	2015		2014	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	8,250,000.00	–	10,458,063.03	–

3. Accounts Receivable

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

The aged analysis of accounts receivable is normally presented based on relevant invoice and notice of payment. An aged analysis of the accounts receivable is as follows:

	2015	2014
Within 1 year	103,126,175.89	193,664,524.88
1 to 2 years	89,158,637.28	26,003,621.74
2 to 3 years	32,827.71	–
Over 3 years	1,655,441.05	1,655,441.05
	193,973,081.93	221,323,587.67
Less: Provision for bad debts of accounts receivable	15,736,495.74	13,220,501.10
	178,236,586.19	208,103,086.57

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

	Opening balance	Provision for the year	Reversal during the year	Write-off during the year	Closing balance
2015	13,220,501.10	2,688,797.52	(172,802.88)	–	15,736,495.74
2014	12,858,380.85	1,010,285.57	(644,106.17)	(4,059.15)	13,220,501.10

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

3. Accounts Receivable (continued)

	2015				2014			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Amount	Percentage (%)	Amount	Percentage of provision (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	103,126,175.89	53.17	5,157,274.95	5	193,664,524.88	87.50	8,986,865.71	5
1 to 2 years	89,158,637.28	45.96	8,913,931.43	10	26,003,621.74	11.75	2,578,194.34	10
2 to 3 years	32,827.71	0.02	9,848.31	30	–	–	–	–
Over 3 years	1,655,441.05	0.85	1,655,441.05	100	1,655,441.05	0.75	1,655,441.05	100
	193,973,081.93	100.00	15,736,495.74		221,323,587.67	100.00	13,220,501.10	

As at 31 December 2015 and 31 December 2014, the Group performed the impairment test in respect of single accounts receivable that was significant, and considered there was no need for the provision for bad debts separately. The Group grouped these accounts receivable and made the provision for bad debts in the method of ageing analysis.

4. Prepayments

An aged analysis of prepayments is as follows:

	2015		2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	5,338,863.21	99.83	6,058,258.14	87.66
1 to 2 years	5,153.01	0.10	230,000.00	3.33
2 to 3 years	3,550.00	0.07	623,015.00	9.01
	5,347,566.22	100.00	6,911,273.14	100.00

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

5. Other Receivables

An aged analysis of other receivables is as follows:

	2015	2014
Within 1 year	5,687,571.24	40,702,700.97
1 to 2 years	13,545,467.77	2,431,884.00
2 to 3 years	2,414,592.10	106,300.00
Over 3 years	25,631,421.24	45,525,121.24
	47,279,052.35	88,766,006.21
Less: Provision for bad debts of other receivables	27,962,127.05	46,061,804.61
	19,316,925.30	42,704,201.60

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

	Opening balance	Provision for the year	Reversal during the year	Write-off during the year	Closing balance
2015	46,061,804.61	1,323,532.57	(19,423,210.13)	–	27,962,127.05
2014	60,639,880.12	24,197.87	(14,588,122.70)	(14,150.68)	46,061,804.61

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

	2015				2014			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Amount	Percentage (%)	Amount	Percentage of provision (%)
Within 1 year	5,687,571.24	12.03	248,445.48	5	40,702,700.97	45.85	265,063.37	1
1 to 2 years	13,545,467.77	28.65	1,352,878.82	10	2,431,884.00	2.74	239,730.00	10
2 to 3 years	2,414,592.10	5.11	729,381.51	30	106,300.00	0.12	31,890.00	30
3 to 4 years	130,881.24	0.28	130,881.24	100	24,581.24	0.03	24,581.24	100
Over 4 years	25,500,540.00	53.93	25,500,540.00	100	45,500,540.00	51.26	45,500,540.00	100
	47,279,052.35	100.00	27,962,127.05		88,766,006.21	100.00	46,061,804.61	

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

5. Other Receivables (continued)

Other receivables by nature are as follows:

	2015	2014
Equity transfer consideration	25,500,540.00	45,500,540.00
Government grants	12,019,600.00	33,323,300.00
Deposits	4,225,252.46	4,058,977.01
Utilities	1,463,716.24	1,779,172.50
Others	4,069,943.65	4,104,016.70
	47,279,052.35	88,766,006.21

As at 31 December 2015, the government grants receivable were as follows:

	Grant project	Amount	Payment date	Expected receiving time, amount and basis
Administration Commission of Bohai New Zone in Cangzhou City	Subsidy to container amount	12,019,600.00	1 to 2 years	Bo Xin Guan Zi [2012] No. 25 (渤新管字[2012]25號) Expected to receive in 2016

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

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

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

6. Inventories

	2015			2014		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	79,654,821.21	–	79,654,821.21	93,717,523.41	–	93,717,523.41
Fuels	6,306,216.48	–	6,306,216.48	10,059,532.13	–	10,059,532.13
Spare parts	108,369,833.83	–	108,369,833.83	92,745,132.74	–	92,745,132.74
Low-cost consumables	1,847,101.90	–	1,847,101.90	1,993,475.35	–	1,993,475.35
Finished goods	1,043,059.14	–	1,043,059.14	1,146,268.63	–	1,146,268.63
	197,221,032.56	–	197,221,032.56	199,661,932.26	–	199,661,932.26

7. Other Current Assets

	2015	2014
Accumulated deductible value-added taxes	187,893,216.70	136,610,050.20
Prepaid enterprise income tax	10,875,957.71	17,555,932.26
	198,769,174.41	154,165,982.46

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

8. Available-for-sale Financial Assets

	2015	2014
Available-for-sale equity instruments	710,376,014.95	710,376,014.95

As at 31 December 2015, the equity investments held by the Group in unlisted companies in the PRC are stated at cost, because these investments are not quoted in an active market and the fair values cannot be reliably measured. The Group does not intend to dispose of these investments. The details are as follows:

Investee	Shareholding	31 December 2014	Increase in the year	Decrease in the year	31 December 2015	Cash dividend for the year
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	15.00%	498,000,000.00	–	–	498,000,000.00	59,250,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	17.00%	34,000,000.00	–	–	34,000,000.00	–
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	12.94%	30,752,357.95	–	–	30,752,357.95	–
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	10.00%	701,747.00	–	–	701,747.00	–
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	16.00%	65,040,000.00	–	–	65,040,000.00	–
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	18.03%	81,881,910.00	–	–	81,881,910.00	3,179,181.18
Total		710,376,014.95	–	–	710,376,014.95	62,429,181.18

Investee	Shareholding	31 December 2013	Increase in the year	Decrease in the year	31 December 2014	Cash dividend for the year
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	15.00%	498,000,000.00	–	–	498,000,000.00	60,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	17.00%	36,000,000.00	–	2,000,000.00	34,000,000.00	1,260,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) (Note)	12.94%	–	30,752,357.95	–	30,752,357.95	–
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	10.00%	701,747.00	–	–	701,747.00	–
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	16.00%	65,040,000.00	–	–	65,040,000.00	–
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	18.03%	81,881,910.00	–	–	81,881,910.00	1,545,488.61
Total		681,623,657.00	30,752,357.95	2,000,000.00	710,376,014.95	62,805,488.61

Note: Due to the unilateral capital contribution by controlling shareholders of Cangzhou Huanghuagang Steel Logistics Co., Ltd in 2014, shareholding of the Company therein decreased from original 30.00% to 12.94% and the Company no longer maintains a significant influence over it. Based on the evaluated fair value of RMB30,752,357.95 of the proportion of net assets attributable to the Company as at the date ceasing to maintain a significant influence, the investment was reclassified as available-for-sale financial assets for accounting purpose, and revaluation gains of RMB765,079.38 were recognised

As at 31 December 2015 and 31 December 2014, the management of the Company considered that provision for impairment of available-for-sale financial assets was not necessary.

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

9. Long-term Equity Investments

2015

		Increase/(decrease) during the year							
	Opening balance	Increase in investment	Share of (losses)/ profits	Decrease in investment	Declaration of cash dividend	Other equity movements	Provision for impairment	Closing carrying amount	Year-end provision for impairment
Equity method:									
Joint ventures									
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	100,000,000.00	–	(714,009.93)	–	–	–	–	99,285,990.07	–
Sub-total	100,000,000.00	–	(714,009.93)	–	–	–	–	99,285,990.07	–
Associates									
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,250,388.06	–	(1,317,783.38)	–	–	–	–	932,604.68	–
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	203,167,579.17	–	7,978,611.69	–	–	–	–	211,146,190.86	–
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	970,978,558.80	–	170,803,747.12	–	(140,000,000.00)	2,248,287.71	–	1,004,030,593.63	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	–	–	–	–	–	–	20,000,000.00	–
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	73,346,265.51	–	42,486.98	–	–	–	–	73,388,752.49	–
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	37,130,435.93	–	(1,169,439.51)	–	–	–	–	35,960,996.42	–
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	64,161,188.79	–	(3,711,115.58)	–	–	–	–	60,450,073.21	–
Sub-total	1,371,034,416.26	–	172,626,507.32	–	(140,000,000.00)	2,248,287.71	–	1,405,909,211.29	–
Total	1,471,034,416.26	–	171,912,497.39	–	(140,000,000.00)	2,248,287.71	–	1,505,195,201.36	–

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

9. Long-term Equity Investments (continued)

2014

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

Note: Please refer to 8. Available-for-sale financial assets of Note V.

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

10. Investment Properties

Land use right

Investment properties measured under the cost method:

	2015	2014
Cost		
Opening balance	7,410,000.00	4,695,600.01
Transferred from intangible assets	–	2,714,399.99
Closing balance	7,410,000.00	7,410,000.00
Accumulated depreciation		
Opening balance	975,650.00	524,342.00
Provision for the year	148,200.00	102,960.00
Transferred from intangible assets	–	348,348.00
Closing balance	1,123,850.00	975,650.00
Carrying amounts		
Opening balance	6,434,350.00	4,171,258.01
Closing balance	6,286,150.00	6,434,350.00

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

As at 31 December 2015 and 31 December 2014, the above investment properties were all leased out under operating leases

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

11. Fixed Assets

2015

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2015	2,782,995,709.25	7,407,358,422.30	7,392,679,632.52	449,199,834.91	205,217,783.99	18,237,451,382.97
Purchase	33,046.00	–	125,512.64	2,748,271.84	1,488,189.61	4,395,020.09
Transferred from construction in progress	119,820,908.00	23,681,914.07	113,834,939.31	10,642,060.97	6,641,760.71	274,621,583.06
Transferred to construction in progress due to renovation and retrofitting	–	–	(28,325,969.00)	–	–	(28,325,969.00)
Disposal for the year	–	–	(65,797,835.29)	(4,755,500.00)	(2,062,442.00)	(72,615,777.29)
31 December 2015	2,902,849,663.25	7,431,040,336.37	7,412,516,280.18	457,834,667.72	211,285,292.31	18,415,526,239.83
Accumulated depreciation						
1 January 2015	776,363,119.63	1,142,514,070.84	4,074,273,916.21	267,541,986.52	150,393,417.70	6,411,086,510.90
Provision for the year (Note)	127,110,079.06	296,000,040.15	595,499,706.03	41,867,892.92	16,887,894.13	1,077,365,612.29
Transferred to construction in progress due to renovation and retrofitting	–	–	(26,575,475.98)	–	–	(26,575,475.98)
Disposal for the year	–	–	(53,213,324.14)	(4,612,835.00)	(1,962,338.12)	(59,788,497.26)
31 December 2015	903,473,198.69	1,438,514,110.99	4,589,984,822.12	304,797,044.44	165,318,973.71	7,402,088,149.95
Provision for impairment						
1 January 2015	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Write off for the year	–	–	(2,406,172.91)	–	–	(2,406,172.91)
31 December 2015	–	–	6,162,977.29	–	87,324.95	6,250,302.24
Carrying amounts of fixed assets						
31 December 2015	1,999,376,464.56	5,992,526,225.38	2,816,368,480.77	153,037,623.28	45,878,993.65	11,007,187,787.64
1 January 2015	2,006,632,589.62	6,264,844,351.46	3,309,836,566.11	181,657,848.39	54,737,041.34	11,817,708,396.92

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

11. Fixed Assets (continued)

2014

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2014	2,493,844,446.75	6,897,063,716.60	7,134,954,311.26	545,403,232.58	202,001,126.91	17,273,266,834.10
Purchase	–	–	55,100.00	1,201,018.00	1,152,943.40	2,409,061.40
Transferred from construction in progress	303,032,264.50	511,242,645.70	281,059,070.92	11,898,876.44	9,818,367.09	1,117,051,224.65
Transferred to construction in progress due to renovation and retrofitting	(3,308,139.00)	–	(2,524,933.62)	–	–	(5,833,072.62)
Foreign investments transferred out	–	–	–	(89,815,434.11)	–	(89,815,434.11)
Decrease due to disposal of subsidiaries	–	–	–	(495,000.00)	(2,997,808.51)	(3,492,808.51)
Disposal for the year	(10,572,863.00)	(947,940.00)	(20,863,916.04)	(18,992,858.00)	(4,756,844.90)	(56,134,421.94)
31 December 2014	2,782,995,709.25	7,407,358,422.30	7,392,679,632.52	449,199,834.91	205,217,783.99	18,237,451,382.97
Accumulated depreciation						
1 January 2014	655,047,925.17	866,191,757.23	3,483,657,124.30	255,868,795.42	139,143,541.16	5,399,909,143.28
Provision for the year (Note)	128,221,164.85	276,407,149.67	606,169,767.14	48,537,111.24	17,708,940.72	1,077,044,133.62
Transferred to construction in progress due to renovation and retrofitting	(3,208,894.83)	–	(1,258,976.29)	–	–	(4,467,871.12)
Foreign investments transferred out	–	–	–	(18,194,992.59)	–	(18,194,992.59)
Decrease due to disposal of subsidiaries	–	–	–	(283,547.31)	(1,920,360.00)	(2,203,907.31)
Disposal for the year	(3,697,075.56)	(84,836.06)	(14,293,998.94)	(18,385,380.24)	(4,538,704.18)	(40,999,994.98)
31 December 2014	776,363,119.63	1,142,514,070.84	4,074,273,916.21	267,541,986.52	150,393,417.70	6,411,086,510.90
Provision for impairment						
1 January 2014 and 31 December 2014	–	–	8,569,150.20	–	87,324.95	8,656,475.15
Carrying amounts of fixed assets						
31 December 2014	2,006,632,589.62	6,264,844,351.46	3,309,836,566.11	181,657,848.39	54,737,041.34	11,817,708,396.92
1 January 2014	1,838,796,521.58	6,030,871,959.37	3,642,728,036.76	289,534,437.16	62,770,260.80	11,864,701,215.67

Note: In 2015, depreciation of RMB2,320,935,22 (2014: RMB2,973,458,90) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 31 December 2015, the Group has no fixed assets which were temporarily idle (31 December 2014: nil).

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

11. Fixed Assets (continued)

The carrying amount of the fixed assets leased out under operating leases are as follows:

	2015	2014
Terminal facilities	842,393,325.64	888,684,566.68
Machinery and equipment	25,118,876.98	19,363,493.09
Buildings	16,347,134.12	17,385,105.52
Vessels and transportation equipment	110,332.47	52,407.00
Office and other equipment	8,270.38	–
	883,977,939.59	925,485,572.29

12. Construction in Progress

	2015			2014		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	4,713,322,622.32	–	4,713,322,622.32	4,535,296,611.47	–	4,535,296,611.47
Phase 2 of coal terminal project in Caofeidian	4,633,263,190.17	–	4,633,263,190.17	4,313,504,767.56	–	4,313,504,767.56
Commencing project of complex port zone in Huanghua Port	220,310,366.09	–	220,310,366.09	201,654,577.63	–	201,654,577.63
Construction project of wind-proof net for coal stacking yards	715,800.00	–	715,800.00	94,021,567.00	–	94,021,567.00
Stackers for Phase Three coal project	–	–	–	35,957,093.28	–	35,957,093.28
Renovation project for reutilisation of wastewater with dust	13,953,619.38	–	13,953,619.38	13,996,250.62	–	13,996,250.62
System retrofitting of dumpers for Phase Four coal project	763,911.18	–	763,911.18	8,468,571.93	–	8,468,571.93
Reinforcing renovation for structures of terminals	–	–	–	8,051,858.07	–	8,051,858.07
Sewage treatment for Phrase One and Two coal project	16,337,266.00	–	16,337,266.00	245,737.70	–	245,737.70
Retrofitting of dry fog dust suppression of dumpers	9,048,197.76	–	9,048,197.76	130,220.75	–	130,220.75
Others	48,105,493.46	-	48,105,493.46	43,353,443.08	–	43,353,443.08
Total	9,655,820,466.36	–	9,655,820,466.36	9,254,680,699.09	–	9,254,680,699.09

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

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

12. Construction in Progress (continued)

2015

	Budget	Opening Balance	Increase in the year	Transferred from fixed assets during the year	Transferred to fixed assets and intangible assets during the year	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	4,313,504,767.56	321,781,121.05	–	(2,022,698.44)	4,633,263,190.17	Loans from Financial institutes and self-owned capital	86
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	4,535,296,611.47	179,066,429.65	–	(1,040,418.80)	4,713,322,622.32	Fund raised, loans from financial institutes and self-owned capital	81
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	201,654,577.63	18,655,788.46	–	–	220,310,366.09	Loans from financial institutes and self-owned capital	87
Reinforcing renovation for structures of terminals	57,600,000.00	8,051,858.07	11,656,708.00	–	(19,708,566.07)	–	Self-owned capital	81
Stackers for Phase Three coal project	54,000,000.00	35,957,093.28	8,031,462.25	–	(43,988,555.53)	–	Self-owned capital and other resources	81
Construction project of wind-proof net for coal stacking yards	378,000,000.00	94,021,567.00	528,540.00	–	(93,834,307.00)	715,800.00	Self-owned capital	63
Renovation of dumper for Phase Four coal project	425,000,000.00	8,468,571.93	39,714,279.58	–	(47,418,940.33)	763,911.18	Loans from financial institutes, self-owned capital and other resources	88
Renovation project for reutilization of wastewater with dust	32,020,000.00	13,996,250.62	1,147,902.94	–	(1,190,534.18)	13,953,619.38	Self-owned capital	47
Sewage treatment for Phrase One and Two coal project	33,790,000.00	245,737.70	16,091,528.30	–	–	16,337,266.00	Self-owned capital	48
Retrofitting of dry for dust suppression of of dumpers	19,480,000.00	130,220.75	8,917,977.01	–	–	9,048,197.76	Self-owned capital	46
Others	933,470,750.00	43,353,443.08	68,735,290.53	1,750,493.02	(65,733,733.17)	48,105,493.46		
Total	20,708,782,295.73	9,254,680,699.09	674,327,027.77	1,750,493.02	(274,937,753.52)	9,655,820,466.36		

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

12. Construction in Progress (continued)

2014

	Budget	Opening balance	Increase in the year	Transferred from fixed assets during the year	Transferred to fixed assets and intangible assets during the year	Decrease due to deposal of subsidiaries	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	3,978,761,760.34	335,780,461.60	–	(1,037,454.38)	–	4,313,504,767.56	Loans from financial institutes and self-owned capital	80
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	3,407,203,680.44	1,129,717,828.78	–	(1,624,897.75)	–	4,535,296,611.47	Funds raised, loans from financial institutes and self-owned capital	78
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	776,362,061.20	712,469,909.05	–	(1,287,177,392.62)	–	201,654,577.63	Loans from financial institutes and self-owned capital	87
Reinforcing renovation for structures of terminals	57,600,000.00	23,258,583.00	11,535,247.00	–	(26,741,971.93)	–	8,051,858.07	Self-owned capital	60
Stackers for Phase Three coal project	54,000,000.00	22,463,994.95	13,493,098.33	–	–	–	35,957,093.28	Self-owned capital and other resources	67
Construction project of wind-proof net for coal stacking yards	378,000,000.00	12,706,146.00	81,315,421.00	–	–	–	94,021,567.00	Self-owned capital	63
Renovation of water sprinkler for Phase Four coal project and expansion project of stacking yards	25,710,000.00	12,189,415.00	10,667,753.74	–	(22,857,168.74)	–	–	Self-owned capital	89
Gantry crane with bucket	15,000,000.00	9,401,709.36	2,504,736.40	–	(11,906,445.76)	–	–	Self-owned capital	79
First project of oil pipeline renovation	13,440,000.00	8,770,092.57	4,213,870.43	–	(12,983,963.00)	–	–	Self-owned capital	97
System retrofitting of dumpers for Phase Four coal project	425,000,000.00	4,862,811.43	12,298,548.00	–	(8,692,787.50)	–	8,468,571.93	Loans from financial institutes, self-owned capital and other resources	78
Renovation project for reutilization of wastewater with dust	32,020,000.00	320,500.00	13,675,750.62	–	–	–	13,996,250.62	Self-owned capital	44
Others	697,303,495.73	17,007,720.85	77,312,487.07	1,365,201.50	(47,214,673.93)	(4,741,333.96)	43,729,401.53		
Total	20,473,495,041.46	8,273,308,475.14	2,404,985,112.02	1,365,201.50	(1,420,236,755.61)	(4,741,333.96)	9,254,680,699.09		

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

12. Construction in Progress (continued)

2015

	Progress of project	Accumulated amounts of capitalised interest	Including: Capitalised interest for the year	Ratio of capitalised interest for the year
Commencing project of complex port zone in Huanghua Port	87%	540,325,004.64	–	–
Phase 2 of coal terminal project in Caofeidian	86%	616,015,940.51	170,906,449.12	4.51%-5.90%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	81%	360,488,962.60	157,062,135.14	4.14%-6.84%
		1,516,829,907.75	327,968,584.26	

2014

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

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

13. Intangible Assets

31 December 2015

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2015	602,401,542.75	73,175,191.71	401,069,625.50	1,076,646,359.96
Purchase for the year	–	175,445.97	21,250,155.00	21,425,600.97
Transferred from construction in progress	–	316,170.46	–	316,170.46
31 December 2015	602,401,542.75	73,666,808.14	422,319,780.50	1,098,388,131.39
Accumulated amortization				
1 January 2015	76,048,342.88	55,435,209.88	4,921,394.15	136,404,946.91
Provision for the year (Note)	12,690,888.96	6,797,870.64	7,864,193.43	27,352,953.03
31 December 2015	88,739,231.84	62,233,080.52	12,785,587.58	163,757,899.94
Carrying amounts				
31 December 2015	513,662,310.91	11,433,727.62	409,534,192.92	934,630,231.45
1 January 2015	526,353,199.87	17,739,981.83	396,148,231.35	940,241,413.05

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

13. Intangible Assets (continued)

31 December 2014

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2014	605,115,942.74	68,484,428.00	103,311,580.60	776,911,951.34
Purchase for the year	–	46,572.65	29,505.00	76,077.65
Transferred from construction in progress	–	5,456,991.06	297,728,539.90	303,185,530.96
Decrease due to disposal of subsidiaries	–	(812,800.00)	–	(812,800.00)
Transferred to investment properties during the year	(2,714,399.99)	–	–	(2,714,399.99)
31 December 2014	602,401,542.75	73,175,191.71	401,069,625.50	1,076,646,359.96
Accumulated amortization				
1 January 2014	63,660,561.92	48,354,341.67	2,788,756.67	114,803,660.26
Provision for the year (Note)	12,736,128.96	7,609,268.48	2,132,637.48	22,478,034.92
Decrease due to disposal of subsidiaries	–	(528,400.27)	–	(528,400.27)
Transferred to investment properties during the year	(348,348.00)	–	–	(348,348.00)
31 December 2014	76,048,342.88	55,435,209.88	4,921,394.15	136,404,946.91
Carrying amounts				
31 December 2014	526,353,199.87	17,739,981.83	396,148,231.35	940,241,413.05
1 January 2014	541,455,380.82	20,130,086.33	100,522,823.93	662,108,291.08

Note: In 2015, amortisation of RMB3,556,408.06 (2014: RMB3,398,772.97) provided for intangible assets directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 31 December 2015, the Group has no intangible assets which were from internal research and development (31 December 2014: nil).

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

The total carrying amount of defective land use rights in the Group's intangible assets was RMB94,074,515.69 as at 31 December 2015. For details, please refer to 5. Other of Note XIII. Other Important Items.

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

14. Long-term Deferred Expenses

2015

	Opening balance	Increase in the year	Amortization in the year	Closing balance
Dredging costs	–	3,379,382.49	(168,969.12)	3,210,413.37
Others	141,850.09	1,035,950.00	(801,261.07)	376,539.02
	141,850.09	4,415,332.49	(970,230.19)	3,586,952.39

2014

	Opening balance	Increase in the year	Amortization in the year	Closing balance
Others	60,466.67	174,010.00	(92,626.58)	141,850.09

15. Deferred Tax Assets

Deferred tax assets are as without taking into consideration the offsetting balance are as follows:

	2015		2014	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government grants	352,227,786.10	88,056,946.48	316,651,178.32	79,162,794.58
Asset impairment provision	41,294,236.84	10,323,559.21	58,729,074.44	14,682,268.61
Unpaid employee bonus	10,000,000.00	2,500,000.00	45,000,000.00	11,250,000.00
Accrued early retirement schemes	127,025,459.68	31,756,364.92	–	–
Difference between tax base and accounting base of fixed assets	171,718,954.04	42,929,738.51	171,718,954.04	42,929,738.51
	702,266,436.66	175,566,609.12	592,099,206.80	148,024,801.70

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

15. Deferred Tax Assets (continued)

Deductible temporary differences and deductible losses of deferred tax assets which are not recognised are as follows:

	2015	2014
Deductible temporary differences	2,404,385.95	553,231.27
Deductible losses	75,354,041.84	114,354,196.00
	77,758,427.79	114,907,427.27

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

	2015	2014
2015	–	29,629,179.51
2016	19,726,111.82	19,726,111.82
2017	19,217,134.49	19,217,134.49
2018	15,394,012.12	15,394,012.12
2019	11,426,185.85	30,387,758.06
2020	9,590,597.56	–
	75,354,041.84	114,354,196.00

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

16. Asset Impairment Provision

2015

	Opening balance	Provision for the year	Decrease during The year: Reversal	Decrease during The year: Write-off	Closing balance
Provision for bad debts					
Including: Accounts receivable	13,220,501.10	2,688,797.52	(172,802.88)	–	15,736,495.74
Other receivable	46,061,804.61	1,323,532.57	(19,423,210.13)	–	27,962,127.05
Fixed assets impairment provision	8,656,475.15	–	–	(2,406,172.91)	6,250,302.24
	67,938,780.86	4,012,330.09	(19,596,013.01)	(2,406,172.91)	49,948,925.03

2014

	Opening balance	Provision for the year	Decrease during The year: Reversal	Decrease during The year: Write-off	Closing balance
Provision for bad debts					
Including: Accounts receivable	12,858,380.85	1,010,285.57	(644,106.17)	(4,059.15)	13,220,501.10
Other receivable	60,639,880.12	24,197.87	(14,588,122.70)	(14,150.68)	46,061,804.61
Fixed assets impairment provision	8,656,475.15	–	–	–	8,656,475.15
	82,154,736.12	1,034,483.44	(15,232,228.87)	(18,209.83)	67,938,780.86

17. Other Non-current Assets

	2015	2014
Prepayments for engineering equipment expenses	5,662,384.75	5,296,916.60

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

18. Assets with Restricted Ownership

As at 31 December 2015, except for the guarantee deposits of RMB9,685,280,00 (1 of Note V), the Group had no other assets with restricted ownership (31 December 2014: guarantee deposits of RMB215,280.00).

19. Short-term Borrowings

	2015	2014
Unsecured borrowings	1,450,000,000.00	1,553,906,160.15

As at 31 December 2015, the interest rate of the above borrowing ranged from 3.92% to 4.59% per annum (31 December 2014: 3.78% to 6.70%).

As at 31 December 2015, the Group has no overdue short-term borrowings (31 December 2014: nil).

20. Accounts Payable

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

Aged analysis of accounts payable are calculated based on the date of invoice or bill. An aged analysis of accounts payable is as follows:

	2015	2014
Within 1 year	91,756,115.28	93,382,003.82
1 to 2 years	2,803,638.78	4,172,957.29
2 to 3 years	1,425,165.09	2,654,108.65
Over 3 years	4,948,784.17	4,535,839.62
	100,933,703.32	104,744,909.38

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

21. Deposits Received

	2015	2014
Port handling fees	383,174,305.31	536,732,836.56
Weighing fees	4,619,393.77	2,954,443.64
others	38,127.20	578,944.20
	387,831,826.28	540,266,224.40

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

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

22. Employee Benefits Payable

2015

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	85,534,076.30	2,092,991,597.13	2,122,573,618.12	55,952,055.31
Post-employment benefits (defined contribution plans)	5,127.68	357,126,281.84	357,126,281.84	5,127.68
Early retirement schemes due within one year (27 of Note V)	–	98,803,017.47	37,270,466.28	61,532,551.19
	85,539,203.98	2,548,920,896.44	2,516,970,366.24	117,489,734.18

Short-term employee benefits are as follows:

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	62,034,621.00	1,377,602,630.67	1,412,630,330.21	27,006,921.46
Staff welfare	–	115,625,159.29	115,625,159.29	–
Social insurance	30,809.32	129,760,296.13	129,760,296.13	30,809.32
Including: Medical insurance	30,691.05	105,580,638.98	105,580,638.98	30,691.05
Work injury insurance	118.27	14,448,788.61	14,448,788.61	118.27
Maternity insurance	–	9,730,868.54	9,730,868.54	–
Housing funds	16,213,551.68	231,819,611.23	228,459,979.44	19,573,183.47
Union fund and employee education fund	4,442,594.20	37,025,759.33	35,657,061.85	5,811,291.68
Short-term paid leaves	–	16,975,448.36	16,975,448.36	–
Other short-term employee benefits	2,812,500.10	184,182,692.12	183,465,342.84	3,529,849.38
	85,534,076.30	2,092,991,597.13	2,122,573,618.12	55,952,055.31

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	271,705,072.26	271,705,072.26	–
Unemployment insurance	5,127.68	20,046,535.40	20,046,535.40	5,127.68
Enterprise annuity contribution (Note)	–	65,374,674.18	65,374,674.18	–
	5,127.68	357,126,281.84	357,126,281.84	5,127.68

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

22. Employee Benefits Payable (Continued)

2014

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

Short-term employee benefits are as follows:

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

Defined contribution plans are as follows:

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

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

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

23. Taxes Payable

	2015	2014
Value-added tax	16,337,972.46	16,561,910.19
Business tax	626,883.48	863,673.18
Enterprise income tax	1,014,273.42	179,920,962.31
City maintenance and construction tax	1,198,710.91	1,221,640.29
Education surcharge	854,455.82	872,600.13
Individual income tax	16,470,696.48	11,658,882.79
Land use tax	27,741,935.13	–
Others	3,028.56	7,895.56
	64,247,956.26	211,107,564.45

24. Interest Payable

	2015	2014
Interest on bank borrowings	17,522,440.97	20,391,078.80

25. Other Payables

	2015	2014
Engineering equipment expenses	1,274,838,605.45	2,279,345,483.71
sewage charges of dust	59,204,943.37	65,271,407.10
Facilities leasing expenses	50,233,451.60	58,212,026.60
Others	54,412,342.15	27,384,575.54
	1,438,689,342.57	2,430,213,492.95

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

25. Other Payables (Continued)

As at 31 December 2015, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	927,885,304.93	Not yet settled
Equipment and Facility leasing fees payable	33,981,776.60	Not yet settled
	961,867,081.53	

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

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

26. Long-term Borrowings

	2015	2014
Unsecured borrowings	10,134,953,942.54	9,456,182,456.50
Less: long-term borrowings due within one year	679,102,320.56	469,214,800.00
Non-current portion	9,455,851,621.98	8,986,967,656.50

As at 31 December 2015, the interest rate of the above borrowings ranged from 4.28% to 6.68% per annum (31 December 2014: 5.54% to 7.21%).

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

	2015	2014
Within 1 year (including 1 year) or repayable on demand	679,102,320.56	469,214,800.00
Within 2 years (including 2 years)	1,757,615,441.28	502,754,200.00
Within 3 to 5 years (including 3 years and 5 years)	2,712,123,952.04	1,737,294,311.00
Over 5 years	4,986,112,228.66	6,746,919,145.50
	10,134,953,942.54	9,456,182,456.50

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

27. Long-term Employee Remuneration Payable

Other long-term employee benefits

	2015	2014
Early retirement schemes payable	127,025,459.69	–
Including: amount due within one year	61,532,551.19	–
Non-current portion	65,492,908.50	–

Change in early retirement schemes payable in 2015 are as follows:

	2015
Early retirement schemes	
Opening balance	–
Increase in the year	164,295,925.97
Decrease in the year	(37,270,466.28)
Closing balance	127,025,459.69
Less: Amount due within one year	61,532,551.19
Long-term employee remuneration payable	65,492,908.50

Expected early retirement schemes payable of the Group in the future are as follows:

	2015
Undiscounted amount	
Within 1 year	61,532,551.19
1 year to 2 years	39,402,514.24
2 years to 3 years	18,813,290.54
Over 3 years	13,491,337.28
	133,239,693.25
Unrecognised financing cost	(6,214,233.56)
	127,025,459.69
Less: Amount due within one year	61,532,551.19
Long-term employee remuneration payable	65,492,908.50

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

27. Long-term Employee Remuneration Payable (continued)

Due to implementation of institutional reform, some of the subsidiaries of the Group have executed early retirement plan ("Early retirement") since 2015. Eligible employees may retire from their posts on a voluntary basis. The Group has the obligation to pay early retirement pension for those early retired employees in the next 1 year to 10 years until the employees reach their statutory retirement age. The wages for early retirement are determined according to certain proportion of the average monthly wages of the early retired employees in the previous year before their official early retirement. Once confirmed, the wages for early retirement would remain unchanged for the coming years. In the meantime, the Company will make provision and pay for insurance and housing fund for those employees under local requirement for social insurance. In considering the future payment obligations of early retirement pension for employees participating in the early retirement plan, the Group recognized in the administrative expenses on a one-off basis in accordance with discounted China bond and government bond yields on 31 December 2015. As at 31 December 2015, it is expected to recognize employee remuneration payable in the amount payable within 12 months.

28. Deferred Income

	2015	2014
Government grants in relation to assets		
Special environmental subsidy	191,545,286.11	137,400,344.96
Subsidy for retrofitting of contingency coal storage depot	157,750,000.00	176,575,000.00
Technology center project funds	2,554,166.66	2,287,500.00
Others	78,333.33	88,333.33
Government grants in relation to income		
Technology center project funds	300,000.00	300,000.00
	352,227,786.10	316,651,178.29

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

28. Deferred Income (continued)

As at 31 December 2015, liabilities items related to government grants are as follows:

	Opening balance	Increase in the year	Recognised in non-operating revenue in the year	Decrease due to disposal of subsidiaries	Closing balance	Related to assets/income
Special environmental subsidy	137,400,344.96	67,673,000.00	13,528,058.85	–	191,545,286.11	Related to assets
Retrofitting of contingency coal storage depot	176,575,000.00	–	18,825,000.00	–	157,750,000.00	Related to assets
Technology center project funds	2,287,500.00	400,000.00	133,333.34	–	2,554,166.66	Related to assets
Others	88,333.33	–	10,000.00	–	78,333.33	Related to assets
Technology center project funds	300,000.00	–	–	–	300,000.00	Related to income
	316,651,178.29	68,073,000.00	32,496,392.19	–	352,227,786.10	

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

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

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

29. Share Capital

	31 December 2015		31 December 2014	
	RMB	Percentage (%)	RMB	Percentage (%)
HPG	3,104,314,204.00	61.723	3,104,314,204.00	61.723
Daqin Railway Co., Ltd.	42,750,000.00	0.850	42,750,000.00	0.850
China Shipping (Group) Company	41,995,588.00	0.835	41,995,588.00	0.835
China Life Investment Holding Company Limited	41,995,588.00	0.835	41,995,588.00	0.835
Shougang Group	41,995,588.00	0.835	41,995,588.00	0.835
Beijing Enterprises Group Company Limited	41,995,588.00	0.835	41,995,588.00	0.835
Datong Coal Mine Group Co., Ltd.	41,995,588.00	0.835	41,995,588.00	0.835
Hebei Construction & Investment Communications Investment Co., Ltd.	212,692,830.00	4.229	212,692,830.00	4.229
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	629,824,026.00	12.523	629,824,026.00	12.523
Overseas shareholders	829,853,000.00	16.500	829,853,000.00	16.500
	5,029,412,000.00	100.000	5,029,412,000.00	100.000

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

30. Capital Reserve

2015

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

2014

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

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

Note 2: Other capital reserve decreased during 2014 mainly due to the unilateral capital contributions from the Company to its subsidiaries causing the shareholding changed, which in turn resulting in a decrease of RMB30,000.00 of capital reserve.

31. Special Reserve

2015

	Opening balance	Amount accrued in the year	Amount utilised in the year	Closing balance
Production safety expense	21,544,992.62	73,691,974.58	(84,352,358.69)	10,884,608.51

2014

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

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

32. Surplus Reserve

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	884,205,714.39	131,517,139.59	–	1,015,722,853.98

2014

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

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

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

33. Retained Profits

	2015	2014
Retained profits at the beginning of the year	1,798,642,550.46	1,628,725,818.50
Net profit attributable to shareholders of the parent	1,344,490,396.47	1,980,144,727.01
Less: Appropriation to statuary surplus reserve	131,517,139.59	200,816,155.05
Less: Cash dividend payable for common shares (Note)	1,760,294,200.00	1,609,411,840.00
Retained profits at the end of the year	1,251,321,607.34	1,798,642,550.46

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

Pursuant to the Resolution on 2013 Profit Distribution deliberated at the twelfth meeting of the second session of the Board of Qinhuangdao Port Co., Ltd.* held on 28 March 2014, the Company proposed to pay a cash dividend totaling RMB1,609,411,840.00 to all the Shareholders, which is calculated based on 5,029,412,000 Shares in issue and RMB0.32 per share (inclusive of tax). The abovementioned dividend distribution plan was approved on the Annual General Meeting held on 6 June 2014.

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

34. Operating Revenue and Cost

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

	2015	2014
Revenue from the principal operations	6,881,535,434.59	7,199,701,486.36
Revenue from other operations	8,358,834.87	23,401,219.74
	6,889,894,269.46	7,223,102,706.10

	2015	2014
Cost of the principal operations	4,073,929,342.20	4,060,205,605.97
Cost of other operations	4,996,186.95	16,790,265.52
	4,078,925,529.15	4,076,995,871.49

Revenue is as follows:

	2015	2014
Revenue from service in relation to coal and relevant products	5,332,183,755.34	5,716,611,142.27
Revenue from service in relation to metal ore and relevant products	812,756,414.47	734,318,083.84
Revenue from service in relation to general and other cargoes	215,048,479.16	238,078,708.36
Revenue from container service	127,252,358.53	112,975,127.25
Revenue from service in relation to liquefied cargoes	105,510,641.48	109,422,359.64
Revenue from others	297,142,620.48	311,697,284.74
	6,889,894,269.46	7,223,102,706.10

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

35. Business Tax and Surcharges

	2015	2014
Business tax	1,583,201.58	1,922,869.32
Urban maintenance and construction tax and education surcharge	33,685,897.51	34,070,588.36
	35,269,099.09	35,993,457.68

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

36. Administrative Expenses

	2015	2014
Payroll	602,332,325.25	589,019,414.40
Early retirement schemes (Note V,27)	164,295,925.97	–
Depreciation and amortisation	64,402,806.73	61,834,351.34
Tax expenses	90,586,887.76	58,636,266.74
Rental expenses	31,722,634.02	32,300,852.19
Repair and maintenance expenses	16,749,241.24	17,460,894.36
Office charges	16,082,719.26	14,807,700.28
Epidemic prevention expenses	10,284,659.10	10,585,584.93
Travel expenses	9,777,992.81	10,389,009.65
Business entertainment expenses	4,386,270.94	6,023,604.52
Auditors' remuneration	4,002,268.17	3,763,280.55
Others	57,901,725.26	68,126,752.08
	1,072,525,456.51	872,947,711.04

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

37. Financial Cost

	2015	2014
Interest expense	666,385,181.57	685,226,516.93
Including: Interest on bank loans wholly repayable within five years	442,252,790.12	296,133,138.95
Less: Interest income	38,670,366.63	29,415,787.06
Less: Capitalised interest	327,968,584.26	288,599,325.61
Foreign exchange gains	(3,228,578.70)	(35,538,831.74)
Others	455,146.09	2,131,586.53
	296,972,798.07	333,804,159.05

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

38. Asset Impairment Loss

	2015	2014
Provision for bad debts	(15,583,682.92)	(14,197,745.43)

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

39. Investment Income

	2015	2014
Dividend income on holding available-for-sale financial assets	62,429,181.18	62,805,488.61
Income from long-term equity investments under equity method	171,912,497.39	173,457,997.08
Including: investment income from associates	172,626,507.32	172,784,412.57
Investment income from joint ventures	(714,009.93)	673,584.51
Investment income arising from disposal of Long-term equity investment	–	124,957.78
Gain on remaining equity re-measured to fair value		
Upon losing significant influence (Note)	–	765,079.38
Interest income from financial products	4,251,851.67	–
	238,593,530.24	237,153,522.85

Note: Please refer to 8. Available-for-sale financial assets of Note V.

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

40. Non-operating Income

	2015	2014
Gain on disposal of non-current assets	3,633,926.03	4,945,957.55
Including: Gain on disposal of fixed assets	3,633,926.03	4,945,957.55
Government grants	60,873,392.97	69,722,781.92
Relocation compensation (Note)	–	350,000,000.00
Others	3,980,002.11	1,825,853.59
	68,487,321.11	426,494,593.06

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

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

40. Non-operating Income (continued)

	2015	2014	Related to assets/income
Retrofitting of contingency coal storage depot	18,825,000.00	18,162,500.00	Related to assets
Container subsidy	–	40,946,200.00	Related to income
Special environmental subsidy	13,528,058.85	7,604,183.20	Related to assets
Employment subsidy (Note)	27,410,040.00	–	Related to income
Others	1,110,294.12	3,009,898.72	
	60,873,392.97	69,722,781.92	

Note: Pursuant to the Opinion on the Use of Unemployment Insurance Benefits and Employment Subsidy (《關於使用失業保險金援企穩崗的意見》) (Ji Zheng Ban Han [2014] No. 18) issued by the General Office of the People's Government of Hebei Province, the Notice on Relevant Issues Concerning Carrying out the Implementation Opinion on Unemployment Insurance Benefits and Employment Subsidy (《關於貫徹落實有關問題的通知》) (Qin Ren She [2014] No. 184) promulgated by the Bureau of Human Resources & Social Securities of Qinhuangdao and the Notice on the 2014 Unemployment Insurance Benefits and Employment Subsidy Policy Applicable to 46 Enterprises including Shouqin Metal Materials Co., Ltd. (《關於首秦金屬材料有限公司等46家企業享受2014年失業保險援企穩崗政策的通知》) (Qin Zheng Han [2015] No. 2) promulgated by the General Office of the People's Government of Qinhuangdao City, the relevant government subsidy received and recognised by the Group for year ended 31 December 2015 amounted to RMB27,410,040.00 (for the year ended 31 December 2014: nil).

41. Non-operating Expenses

	2015	2014
Losses on disposal of non-current assets	9,970,696.17	22,413,179.22
Including: Losses on disposal of fixed assets	9,970,696.17	22,413,179.22
Late Payment	5,308,458.53	2,697.31
External donation	2,000.00	1,151,227.16
Others	142,781.12	43,988.65
	15,423,935.82	23,611,092.34

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

42. Expense by Nature

The supplemental information to the Group's operating costs, administrative expenses and selling expenses by nature are as follows:

	2015	2014
Payroll (Note)	2,530,768,446.33	2,325,207,619.06
Depreciation and amortisation	1,099,889,389.05	1,093,445,862.30
Power and fuel costs	300,753,879.03	344,365,442.20
Consumption expense of machinery	154,249,760.44	134,862,386.47
Rental expenses	161,109,033.37	162,578,276.68
Environmental protection and sewage charges	191,939,013.62	203,771,619.71
Repair and maintenance expenses	307,731,064.65	278,501,669.90
Tax	90,586,887.76	58,636,266.74
Others	314,447,679.60	348,787,341.98
	5,151,475,153.85	4,950,156,485.04

Note: Payroll for 2015 included early retirement schemes of RMB164,295,925.97. Please refer to 27 of Note V for details.

43. Income Tax Expense

	2015	2014
Current income tax expenses	394,597,483.82	566,085,632.76
Deferred income tax expenses	(27,541,807.42)	13,991,267.26
	367,055,676.40	580,076,900.02

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

43. Income Tax Expense (continued)

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

	2015	2014
Total profit	1,713,417,816.90	2,557,383,373.33
Income tax expenses at the statutory tax rate	428,354,454.23	639,345,843.33
Effect of the effective tax rate of less than 25% on income tax expenses	(4,451,473.66)	3,782,851.16
Income not subject to tax	(15,607,295.30)	(15,701,372.15)
Investment income from associates and joint ventures	(42,978,124.35)	(43,364,499.27)
Expenses not deductible for tax	3,744,694.81	2,590,565.49
Utilising deductible losses not recognised in previous years	(4,355,745.72)	–
Unrecognised deductible losses	2,397,649.39	7,596,939.51
Adjustments in respect of income tax of previous years	2,696,460.65	(10,419,013.05)
Deductible temporary difference not recognised	600,715.84	(138,307.82)
Others	(3,345,659.49)	(3,616,107.18)
Income tax expenses calculated at the Group's effective tax rate	367,055,676.40	580,076,900.02

44. Other Comprehensive Income

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

	1 January 2015	Increase/ (decrease)	31 December 2015
Exchange differences arising from translation of foreign currency denominated financial statements	–	1,788,437.76	1,788,437.76

Amount of other comprehensive income in the income statement for the current period:

	Amount before tax	Less: transfer to profit or loss previously recognised	Less: Income tax	Attributable to the parent company	Attributable to minority interest
Exchange differences arising from translation of foreign currency denominated financial statements	1,788,437.76	–	–	1,788,437.76	–

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

45. Earnings per Share

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

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

	2015	2014
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	1,344,490,396.47	1,980,144,727.01
Shares		
Weighted average number of ordinary shares in issue	5,029,412,000.00	5,029,412,000.00

The Company had no dilutive potential ordinary shares in issue during 2015 (2014: nil).

46. Supplemental Information to Statement of Cash Flows

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2015	2014
Net profit	1,346,362,140.50	1,977,306,473.31
Add: Asset impairment loss	(15,583,682.92)	(14,197,745.43)
Fixed assets depreciation	1,075,044,677.07	1,074,070,674.72
Amortisation of intangible assets	23,796,544.97	19,178,955.26
Amortisation of investment property	148,200.00	102,960.00
Amortisation of long-term deferred expenses	970,230.19	93,272.32
Amortisation of deferred income	(32,496,392.19)	(26,040,849.87)
Losses on disposal of fixed assets, intangible assets and other long-term assets	6,336,770.14	17,467,221.67
Financial costs	335,188,018.61	361,088,359.58
Investment income	(238,593,530.24)	(237,153,522.85)
(Increase)/decrease in deferred income tax assets	(27,541,807.42)	13,991,267.26
Decrease/(increase) in inventories	2,440,899.70	(9,326,109.90)
Decrease/(increase) in other current assets	6,974,689.06	(9,529,322.69)
Decrease/(increase) in operating receivables	33,178,388.35	(14,734,357.86)
Decrease in operating payables	(181,605,460.88)	(154,042,279.62)
Decrease in special reserve	(13,381,352.55)	(14,464,428.70)
Net cash flows from operating activities	2,321,238,332.39	2,983,810,567.20

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

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

(1) Supplemental information to statement of cash flows (continued)

Net movements in cash and cash equivalents:

	2015	2014
Balances of cash at end of the year	1,376,457,026.65	2,902,239,590.05
Less: Balances of cash at beginning of the year	2,902,239,590.05	5,537,356,500.06
Net (decrease)/increase in cash and cash equivalents	(1,525,782,563.40)	(2,635,116,910.01)

(2) Information on disposal of subsidiaries

	2015	2014
Price of disposal of subsidiaries	–	2,607,120.00
Cash and cash equivalents received from disposal of subsidiaries	–	2,607,120.00
Less: Cash and cash equivalents held by disposed subsidiaries	–	5,232,289.03
Cash outflow arising from disposal of subsidiaries	–	2,625,169.03

(3) Cash and cash equivalents

	2015	2014
Cash	1,376,457,026.65	2,902,239,590.05
Including: Cash on hand	52,597.44	33,015.11
Bank deposits on demand	1,376,404,429.21	2,902,206,574.94
Balance of cash and cash equivalents at the end of the year	1,376,457,026.65	2,902,239,590.05

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

47. Foreign Currency Monetary Items

	2015			2014		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US$	5,225,639.00	6.4936	33,932,069.33	4.97	6.1190	30.41
EUR	3.74	7.0952	26.54	3.74	7.4556	27.88
HK$	240,828,199.27	0.8378	201,761,048.77	233,628,976.43	0.7889	184,302,890.64
Dividend payable						
HK$	2,756.67	0.8378	2,309.54	1,447.53	0.7889	1,141.91
Accounts payable						
US$	42,472.65	6.4936	275,800.40	42,470.65	6.1190	259,877.92
JPY	47,977.74	0.0539	2,586.00	17,000.00	0.0514	873.31
Other payables						
HK$	–	–	–	1,517,100.32	0.7889	1,196,840.44
Other receivables						
HK$	67,689.10	0.8378	56,708.57	–	–	–
Short-term borrowings						
HK$	–	–	–	300,310,773.83	0.7889	236,906,160.15
			236,030,549.15			422,667,842.66

VI. CHANGES IN CONSOLIDATION SCOPE

1. Other Reasons for the Changes of the Combination Scope

New subsidiaries:

	Nature of business	Total percentage of shareholdings held by the Group	Date of establishment
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	International trade	100.00%	26 March 2015
Tangshan Port Investment & Development Co., Ltd.* (唐山港口投資開發有限公司)	Port investment	56.00%	5 May 2015
Cangzhou Huanghuagang Coal Port Co., Ltd. (滄州黃驊港煤炭港務有限公司)	Loading and unloading services	100.00%	24 July 2015
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司) (Note)	Cargo tallying services	100.00%	7 September 2015
Handan Ocean Shipping Tally Co., Ltd. (邯鄲中理理貨有限公司) (Note)	Cargo tallying services	100.00%	12 November 2015

Note: Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. and Handan Ocean Shipping Tally Co., Ltd. were established by a resolution passed on the Extraordinary General Meeting of Qinhuangdao Ocean Shipping Tally Co., Ltd., a subsidiary of the Company, held in August 2015. The above two subsidiaries obtained their business license on 7 September 2015 and 12 November 2015 respectively, but yet to be formally established.

Save for the subsidiaries newly established during the year, the scope of the consolidated financial statements is consistent with that of previous year.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

	Place of principal business	Place of incorporation	Nature of business	Registered capital	Percentage of shareholding	
				RMB'0000	Direct (%)	Indirect (%)
Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company						
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	Qinhuangdao city	Qinhuangdao city	Accessories sales	1,000	100.00	–
Qinhuangdao Xin'gangwan Container Terminal Co.Ltd (秦皇島港新港灣集裝箱碼頭有限公司)	Qinhuangdao city	Qinhuangdao city	Loading and unloading services	40,000	55.00	–
Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	246,000	95.93	–
Subsidiaries acquired through establishment or investment						
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	180,000	51.00	–
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	196,000	98.47	–
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	Cangzhou city	Cangzhou city	Cargo tallying services	500	33.00	23.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	99.00	–
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	5,000	65.00	–
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	Hong Kong	Hong Kong	International trade	HK$50,000,000	100.00	–
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	Tangshan city	Tangshan city	Port investment	200,000	56.00	–
Cangzhou Huanghuagang Coal Port Co., Ltd. (滄州黃驊港煤炭港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	5,000	100.00	–
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	Tangshan city	Tangshan city	Cargo tallying services	300	–	100.00
Handan Ocean Shipping Tally Co., Ltd. (邯鄲中理理貨有限公司)	Handan city	Handan city	Cargo tallying services	200	–	100.00
Subsidiaries acquired through the merger of enterprises under common control						
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	Qinhuangdao city	Qinhuangdao city	Cargo tallying services	1,274.04	84.00	–

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in Subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

2015

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	1,557,798.78	–	886,151,848.58

2014

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

The following table illustrates the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	2015	2014
Current assets	257,447,170.65	364,063,810.67
Non-current assets	4,835,119,673.05	4,514,396,136.72
Total assets	5,092,566,843.70	4,878,459,947.39
Current liabilities	555,418,327.36	658,064,311.71
Non-current liabilities	2,728,675,355.98	2,415,101,656.50
Total liabilities	3,284,093,683.34	3,073,165,968.21
Revenue	–	–
Net profit	3,179,181.18	1,545,488.61
Total comprehensive income	3,179,181.18	1,545,488.61
Net cash flows from operating activities	–	–

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capital	Percentage of shareholding (%)		Accounting treatment
				RMB'0000	Direct	Indirect	
Joint ventures							
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Tianjin City	Tianjin City	Investment and development	200,000	50.00	–	Equity method
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司) (Note 1)	Qinhuangdao City	Qinhuangdao City	Loading and unloading services	500	35.00	–	–
Qinhuangdao Wanhui Logistics Co., Ltd. (秦皇島萬匯物流有限公司) (Note 2)	Qinhuangdao City	Qinhuangdao City	Shipping agent	50	–	49.00	–
Associates							
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Qinhuangdao city	Qinhuangdao city	Quality inspection	400	40.00	–	Equity method
Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Qinhuangdao city	Qinhuangdao city	Financial services	50,000	40.00	–	Equity method
Tangshan Caofeidian Shiye Port Co., Ltd., (唐山曹妃甸實業港務有限公司),	TangShan City	TangShan City	Loading and unloading services	200,000	35.00	–	Equity method
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Qinhuangdao city	Qinhuangdao city	Energy services	5,000	40.00	–	Equity method
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Handan city	Handan city	Logistic services	80,000	–	20.00	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	TangShan City	TangShan City	Railway construction and operation	100,000	20.00	–	Equity method
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Cangzhou City	Cangzhou City	Tugging services	18,331.77	–	35.00	Equity method
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) (Note 3)	Cangzhou City	Cangzhou City	Logistic services	23,187.50	30.00	–	Equity method

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

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

Note 3: For details, please refer to 8. Available-for-sale financial assets of Note V.

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

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

	2015	2014
Current assets	198,335,604.53	200,000,000.00
Including: Cash and cash equivalents	197,886,404.53	200,000,000.00
Non-current assets	513,634.42	–
Total assets	198,849,238.95	200,000,000.00
Current liabilities	277,258.82	–
Non-current liabilities	–	–
Total liabilities	277,258.82	–
Owners' equity	198,571,980.13	200,000,000.00
Share of net assets in proportion to shareholding	99,285,990.07	100,000,000.00
Carrying amount of investment	99,285,990.07	100,000,000.00

	2015	2014
Revenue	–	–
Administrative expense	3,979,816.05	–
Financial cost – interest income	2,552,694.39	–
Financial cost – interest expense	–	–
Income tax expense	–	–
Net profit/(loss)	(1,428,019.87)	–
Other comprehensive income	–	–
Total comprehensive income/(loss)	(1,428,019.87)	–

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

The following table sets forth the financial information of Tangshan Caofeidian Shiye Port Co., Ltd., (唐山曹妃甸實業港務有限公司) ("Caofeidian Shiye") and Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) ("Finance Company"),which are the significant associates of the Group. Located in Caofeidian Port Zone, Caofeidian Shiye was established in 2002 and it provides strong support to the Group for its development into one of the most important port operators in Bohai Rim. Hebei Port Finance Company was established in 2014 and it provides the Group with financial services including deposit-taking, loan-offering and settlement services. The Group adopted equity method to measure as there is no significant difference between the financial policy of these companies and that of the Group.

2015

	Caofeidian Shiye	Finance Company
Current assets	1,714,733,151.67	3,098,059,288.73
Including: Cash and cash equivalents	410,507,562.82	2,769,516,019.78
Non-current assets	5,976,706,011.12	7,116,701.17
Total assets	7,691,439,162.79	3,105,175,989.90
Current liabilities	2,530,558,494.74	2,577,310,512.74
Non-current liabilities	2,279,021,339.74	–
Total liabilities	4,809,579,834.48	2,577,310,512.74
Minority interest	13,200,489.36	–
Equity attributable to shareholders of the parent	2,868,658,838.95	527,865,477.16
Share of net assets in proportion to shareholding	1,004,030,593.63	211,146,190.86
Carrying amount of investment	1,004,030,593.63	211,146,190.86

	Caofeidian Shiye	Finance Company
Revenue	1,704,076,518.47	81,823,588.11
Financial cost- interest income	6,357,222.05	–
Financial cost- interest expense	272,803,364.77	–
Income tax expense	65,807,011.79	6,664,800.22
Net profit	494,054,719.97	19,946,529.23
Including: Net profit attributable to the parent	488,010,706.10	19,946,529.23
Other comprehensive income	–	–
Total comprehensive income	494,054,719.97	19,946,529.23
Dividend received	140,000,000.00	–

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

2014

	Caofeidian Shiye	Finance Company
Current assets	2,744,367,181.86	1,335,544,054.34
Including: Cash and cash equivalents	318,886,453.57	1,335,236,543.68
Non-current assets	5,244,671,443.34	107,123,338.57
Total assets	7,989,038,625.20	1,442,667,392.91
Current liabilities	1,793,749,269.53	934,748,444.98
Non-current liabilities	3,409,008,426.48	–
Total liabilities	5,202,757,696.01	934,748,444.98
Minority interest	12,056,475.49	–
Equity attributable to shareholders of the parent	2,774,224,453.70	507,918,947.93
Share of net assets in proportion to shareholding	970,978,558.80	203,167,579.17
Carrying amount of investment	970,978,558.80	203,167,579.17

	Caofeldian shiye	Finance Company
Revenue	1,833,660,454.17	21,527,209.58
Financial cost – interest income	3,243,800.09	–
Financial cost – interest expense	317,624,344.38	–
Income tax expense	120,508,798.92	2,639,649.32
Net profit	493,422,765.27	7,918,947.93
Including: Net profit attributable to the parent	487,107,392.45	7,918,947.93
Other comprehensive income	–	–
Total comprehensive income	493,422,765.27	7,918,947.93
Dividend received	105,000,000.00	–

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (continued)

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

	2015	2014
Joint ventures		
Total carrying amount of investment	–	–
Total amount of the following items calculated in the Group's equity proportion		
Net profit	–	–
Other comprehensive income	–	–
Total comprehensive income	–	–
Associates		
Total carrying amount of investment	190,732,426.80	196,888,278.29
Total amount of the following items calculated in the Group's equity proportion:		
Net profit	(6,155,851.49)	(870,753.96)
Other comprehensive income	–	–
Total comprehensive income	(6,155,851.49)	(870,753.96)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial Instruments by Category

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

Financial assets

	2015		2014	
	Loans and receivables	Available-for-sale financials assets	Loans and receivables	Available-for-sale financials assets
Cash and bank balances	2,483,302,306.65	–	3,095,475,670.05	–
Bills receivable	83,760,965.06	–	75,817,721.80	–
Accounts receivable	178,236,586.19	–	208,103,086.57	–
Interests receivable	24,225.00	–	–	–
Other receivables	19,316,925.30	–	42,704,201.60	–
Available-for-sale financial assets	–	710,376,014.95	–	710,376,014.95
	2,764,641,008.20	710,376,014.95	3,422,100,680.02	710,376,014.95

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial Instruments by Category (continued)

Financial liabilities

	2015 Other financial liabilities	2014 Other financial liabilities
Short-term borrowings	1,450,000,000.00	1,553,906,160.15
Accounts payable	100,933,703.32	104,744,909.38
Interest payable	17,522,440.97	20,391,078.80
Dividends payable	2,309.54	1,141.91
Other payables	1,377,775,556.45	2,363,183,161.03
Non-current liabilities due within one year	679,102,320.56	469,214,800.00
Long-term borrowings	9,455,851,621.98	8,986,967,656.50
	13,081,187,952.82	13,498,408,907.77

2. Transfer of Financial Assets

Continuing involvement in transferred financial assets derecognised generally

As at 31 December 2015, the Group has endorsed bank acceptance notes with a carrying amount of RMB8,250,000.00 (31 December 2014: RMB10,458,063.03) to suppliers to settle the amounts payable. As at 31 December 2015, for notes due within six months, if acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered that substantially all the risk and reward of the notes have been transferred. Therefore, the Group has derecognised carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

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

3. Risks Arising from Financial Instruments

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

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

Credit risk

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

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

Credit risk (continued)

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 31 December 2015, there is a concentration of specific credit risk within the Group as 52% and 73% (31 December 2014: 59% & 80%) of the Group's accounts receivables were due from the largest customer and the five largest customers respectively. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivables are disclosed in 3. Accounts receivables and 5. Other receivables of Note V.

AS at 31 December 2015 and 31 December 2014, there are no amounts receivable that were neither past due nor impaired, and aging analysis on amounts receivable that were past due but not impaired of the Group.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means, such as bank borrowings. As at 31 December 2015, 18% (31 December 2014: 18 %) of the Group's interest-bearing liabilities are due within one year.

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

2015

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	–	100,933,703.32	–	–	100,933,703.32
Interest payable	–	17,522,440.97	–	–	17,522,440.97
Dividends payable	2,309.54	–	–	–	2,309.54
Other payables	102,936,951.00	1,274,838,605.45	–	–	1,377,775,556.45
Short-term borrowings	–	1,483,365,350.00	–	–	1,483,365,350.00
Non-current liabilities due within one year	–	694,430,604.57	–	–	694,430,604.57
Long-term borrowings	–	495,923,308.77	7,004,536,892.66	4,529,714,523.32	12,030,174,724.75
	102,939,260.54	4,067,014,013.08	7,004,536,892.66	4,529,714,523.32	15,704,204,689.60

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

Liquidity risk (continued)

2014

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	–	104,744,909.38	–	–	104,744,909.38
Interest payable	–	20,391,078.80	–	–	20,391,078.80
Dividends payable	1,141.91	–	–	–	1,141.91
Other payables	83,837,677.32	2,279,345,483.71	–	–	2,363,183,161.03
Short-term borrowings	–	1,592,834,697.88	–	–	1,592,834,697.88
Non-current liabilities due within one year	–	479,309,940.12	–	–	479,309,940.12
Long-term borrowings	–	562,403,121.12	4,220,346,669.91	8,744,104,815.29	13,526,854,606.32
	83,838,819.23	5,039,029,231.01	4,220,346,669.91	8,744,104,815.29	18,087,319,535.44

Market risk

Interest rate risk

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

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

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on net profit or loss (through the impact on floating rate borrowings) and other comprehensive income net of tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

	Increase/(decrease) in basis points	Increase/(decrease) in net profit or loss	Increase/(decrease) in other comprehensive income, net of tax	Total Increase/ (decrease) in shareholder's equity
2015				
RMB	50	(22,555,625.00)	–	(22,555,625.00)
RMB	(50)	22,555,625.00	–	22,555,625.00
2014				
RMB	50	(23,337,773.10)	–	(23,337,773.10)
RMB	(50)	23,337,773.10	–	23,337,773.10

* Excluding retained earnings

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (continued)

Market risk (continued)

Exchange rate risk

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

	Increase/ (decrease) in exchange rates	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total Increase/ (decrease) in shareholder's equity
2015				
If the RMB strengthens against the HK$	1%	(1,451,885.29)	(315,773.29)	(1,767,658.58)
If the RMB strengthens against the US$	1%	1,620.70	–	1,620.70
If the RMB weakens against the HK$	(1%)	1,451,885.29	315,773.29	1,767,658.58
If the RMB weakens against the US$	(1%)	(1,620.70)	–	(1,620.70)
2014				
If the RMB strengthens against the HK$	1%	1,527,649.14	–	1,527,649.14
If the RMB strengthens against the US$	1%	1,948.86	–	1,948.86
If the RMB weakens against the HK$	(1%)	(1,527,649.14)	–	(1,527,649.14)
If the RMB weakens against the US$	(1%)	(1,948.86)	–	(1,948.86)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

4. Capital management

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

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. During 2015 and 2014, there was no change in the Group's capital management objectives, policies or processes.

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

	2015	2014
Accounts payable	100,933,703.32	104,744,909.38
Other payables	1,377,775,556.45	2,363,183,161.03
Short-term borrowings	1,450,000,000.00	1,553,906,160.15
Non-current liabilities due within one year	679,102,320.56	469,214,800.00
Long-term borrowings	9,455,851,621.98	8,986,967,656.50
Less: Cash and bank balances	2,483,302,306.65	3,095,475,670.05
Net debt	10,580,360,895.66	10,382,541,017.01
Shareholders' equity	11,816,032,620.40	12,240,708,370.28
Capital and net debt	22,396,393,516.06	22,623,249,387.29
Net debt to equity ratio	47%	46%

IX. DISCLOSURE OF FAIR VALUE

Fair Value Estimation

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

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

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

The fair values of long-term loans are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 31 December 2015 and 31 December 2014, the Group's exposure to non-performance risk associated with the long-term borrowings is assessed as insignificant.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent Company

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

HPG is the ultimate holding company of the Company.

2. Subsidiaries

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

3. Joint Ventures and Associates

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4 Other Related Parties

Company name	Relationship with related parties
河北港口集團港口工程有限公司	A subsidiary of the controlling shareholder
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	A subsidiary of the controlling shareholder
滄州渤海新區港口房地產開發有限公司	A subsidiary of the controlling shareholder
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	A subsidiary of the controlling shareholder
秦皇島方宇物業服務有限公司	A subsidiary of the controlling shareholder
秦皇島市藍港國際旅行社有限公司	A subsidiary of the controlling shareholder
秦皇島港韻會議服務有限公司	A subsidiary of the controlling shareholder
河北港口集團餐飲管理有限公司	A subsidiary of the controlling shareholder
秦皇島之海船務代理有限公司	A subsidiary of the controlling shareholder
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	A subsidiary of the controlling shareholder
China Ocean Shipping Agency Qinhuangdao	A subsidiary of the controlling shareholder
Penavico QHD Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Cangzhou Bohai New Zone Far Trans Shipping Agency Company	A subsidiary of the controlling shareholder
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	A subsidiary of the controlling shareholder
秦皇島秦仁海運有限公司	Other enterprises affected by the controlling shareholder
秦皇島東方石油有限公司	Other enterprises affected by the controlling shareholder
Qinhuangdao Winsway Petroleum Co., Ltd.	Other enterprises affected by the controlling shareholder
秦皇島晉遠船務代理有限公司	Other enterprises affected by the controlling shareholder
秦皇島益嘉船務代理有限公司	Other enterprises affected by the controlling shareholder
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	Other enterprises affected by the controlling shareholder
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Other related party*
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Other related party*
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	Other related party*
Shenhua Huanghua Harbour Administration Corp. (Ltd)	Other related party*
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Other related party*
Daqin Railway Co., Ltd.	Other related party*
Bank of Hebei Co., Ltd.	Other related party**

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

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major Transactions between the Group and Related Parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services (Note)	2015	2014
Transactions with the parent company			
HPG	Integrated service	44,099,848.02	49,372,105.23
Transactions with joint ventures			
Qinhuangdao Honggang Terminal Services Co., Ltd.	Stevedoring service	–	46,122,059.27
Transactions with other related parties			
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Repair and maintenance service	60,687,430.71	55,268,220.49
河北港口集團港口工程有限公司	Integrated service	57,893,399.50	209,490,678.82
河北港口集團餐飲管理有限公司	Integrated service	25,746,648.80	10,390,267.82
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Supervisory service	9,433,845.43	35,991,399.98
秦皇島方宇物業管理有限公司	Integrated service	8,707,668.82	7,291,578.32
滄州渤海新區港口房地產開發有限公司	Integrated service	2,000,000.00	2,850,000.00
Qinhuangdao Port Elevator Co., Ltd.	Integrated service	1,621,642.74	856,092.26
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Integrated service	1,157,731.50	1,213,200.00
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Integrated service	687,145.83	13,343.50
Penavico QHD Logistics Co., Ltd.	Integrated service	198,113.20	198,113.20
秦皇島市藍港國際旅行社有限公司	Integrated service	42,842.00	64,800.00
Daqin Railway Co., Ltd.	Integrated service	9,078.30	–
秦皇島港韻會議服務有限公司	Integrated service	5,860.00	–
Bank of Hebei Co., Ltd.	Financial settlement service	512.20	75.00
		168,191,919.03	323,627,769.39
		212,291,767.05	419,121,933.89

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

Integrated service represents the General Services Agreement entered into by the Group and HPG. The scope of services includes office leasing, port engineering maintenance, supervising, maintenance and repair of equipment, water and electricity, heat supply and communication etc.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

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

Sales of goods and render of services to related parties

	Type of goods or services (Note)	2015	2014
Transactions with the parent company			
HPG	Integrated service	6,513,853.03	7,313,360.92
Transactions with joint ventures and associates			
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Port operation service	15,465,397.29	–
Qinhuangdao Huazheng Coal Inspection Institute	Integrated service	3,855,781.80	4,200,773.74
Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	Integrated service	2,835,807.45	2,347,332.45
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Integrated service	883,776.84	–
Tangshan Jingtang Railway Co., Ltd.	Integrated service	516,467.03	594,226.00
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd.	Integrated service	216,298.04	150,022.73
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Integrated service	76,190.85	–
Qinhuangdao Honggang Terminal Services Co., Ltd.	Integrated service	–	186,256.33
		23,849,719.30	7,478,611.25
Transactions with other related parties			
Qinhuangdao Ruigang Coal Logistics Co., Ltd.	Port operation services	54,758,043.62	89,066,340.62
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Port operation services	51,398,598.17	34,611,663.23
秦皇島秦仁海運有限公司	Port operation services	11,016,124.73	11,283,820.51
SDIC Caofeidian Port Co., Ltd.	Integrated service	7,871,119.49	7,533,826.13
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Integrated service	2,350,675.00	2,307,212.55
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	Port operation service	1,007,191.52	562,835.85
河北港口集團港口工程有限公司	Integrated service	875,035.26	1,987,326.82
Shenhua Huanghua Harbour Administration Corp. (Ltd)	Integrated service	753,269.00	–
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Integrated service	552,850.00	587,124.13
秦皇島東方石油有限公司	Port operation service	464,472.81	3,011,405.62
Qinhuangdao Winsway Petroleum Co., Ltd.	Port operation service	331,864.57	474,184.13
China Ocean Shipping Agency Qinhuangdao	Integrated service	235,232.65	–
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Integrated service	102,016.53	–
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Integrated service	96,803.03	119,218.02
河北港口集團餐飲管理有限公司	Integrated service	74,941.74	18,655.63
秦皇島方宇物業服務有限公司	Integrated service	17,453.06	14,205.55
		131,905,691.18	151,577,818.79
		162,269,263.51	166,369,790.96

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

* *For identification purpose only*

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

(2) Leases with related parties

As lessor

	Category of leased assets	Rental income in 2015	Rental income in 2014
河北港口集團港口工程有限公司	Land use right	2,565,000.00	2,565,000.00
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Machinery and equipment	583,048.08	–
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Machinery and equipment	521,319.66	171,829.06
秦皇島東方石油有限公司	Land use right	201,528.00	201,528.00
Qinhuangdao Winsway Petroleum Co., Ltd.	Land use right	66,420.00	66,420.00
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Land use right	50,350.00	–
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Machinery and equipment	11,697.44	–
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Machinery and equipment	–	50,899.08
HPG	Machinery and equipment	–	34,401.71
Total		3,999,363.18	3,090,077.85

As lessee

	Category of leased assets	Rental Expenses recognized in 2015	Rental Expenses recognized in 2014
HPG	Buildings and harbor facilities	97,342,204.60	97,342,204.60
HPG	Office buildings	21,000,555.38	19,494,392.80
HPG	Machinery and equipment	8,008,988.05	8,017,798.81
HPG	Vehicle	3,695,848.17	4,758,571.31
Daqin Railway Co., Ltd.	Land use right	47,198.00	–
Total		130,094,794.20	129,612,967.52

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

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

(3) Borrowings from related parties

2015

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	4.14%	29 September 2015	26 November 2015
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	40,000,000.00	4.14%	21 September 2015	20 September 2016

Interest expenses paid

	2015	2014
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	808,450.00	–

In 2014, the Group did not have any call loan and relevant interest expense from Hebei Port Group Finance Company Limited (河北港口集團財務有限公司).

(4) Key management personnel

	2015	2014
Remuneration for key management personnel	5,760,792.48	6,830,173.99

(5) Transactions with other related parties

Trademark use right

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

Deposits in related parties

As at 31 December 2015, the balance of the Group's deposits in Hebei Port Group Finance Company Limited(河北港口集團財務有限公司)("Finance Company") amounted to RMB1,431,771,483.66, and a interest income of RMB16,120,170.31 was incurred from Finance Company in 2015. For 2014, the Group did not maintain any deposit in Finance Company and did not have any interest income from Finance Company.

As at 31 December 2015, the balance of the Group's deposits in Bank of Hebei Co., Ltd. amounted to RMB1,234,939.89 (2014: RMB296,611.47). Interest income from Bank of Hebei Co. in 2015 amounted to RMB15,051.62 (2014: RMB139.47).

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

(5) Transactions with other related parties (continued)

Agency business

秦皇島之海船務代理有限公司, Penavico QHD Logistics Co., Ltd., China Ocean Shipping Agency Qinhuangdao, 秦皇島益嘉船務代理有限公司 and 秦皇島晉遠船務代理有限公司 accept the port services provided by the Group on behalf of non-related third parties shipping companies, and pay port services fee on behalf of these shipping companies to the Group. Relevant agencies derive service income from non-related third parties they serve. Below are the amount settled between relevant agencies serving non-related third parties and the Group:

	2015	2014
秦皇島之海船務代理有限公司	114,182,564.66	129,580,901.08
Penavico QHD Logistics Co., Ltd.	30,214,896.39	18,586,906.66
China Ocean Shipping Agency Qinhuangdao	22,849,095.04	23,496,999.19
秦皇島益嘉船務代理有限公司	1,353,800.05	2,306,840.18
秦皇島晉遠船務代理有限公司	385,922.08	–

Relocation compensation

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

Joint Investment

The Company and Hebei Port Group Co., Ltd. (河北港口集團有限公司) established Hebei Port Group Finance Company Limited ("Finance Company") in August 2014, registered capital of which was RMB0.5 billion. The equity interest held by the Company was 40%. Pursuant to the Financial Services Framework Agreement entered into between the Company and Finance Company on 17 November 2014, Finance Company provides the Company with financial services including depositing, loan-offering and settlement services.

Others

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Commitments Made between the Group and Related Parties

Capital commitments

	2015	2014
河北港口集團港口工程有限公司	22,153,451.00	56,771,657.00
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	8,358,129.00	29,740,174.48
	30,511,580.00	86,511,831.48

Investment commitments

	2015	2014
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	200,000,000.00	160,000,000.00
Bohai Jin-Ji Port Investment and Development Company Limited* (渤海津冀港口投資發展有限公司)	900,000,000.00	900,000,000.00
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	86,670,000.00	86,670,000.00
	1,186,670,000.00	1,146,670,000.00

* *For identification purpose only*

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Commitments Made between the Group and Related Parties (continued)

Lease commitments

In January 2014 and May 2012, the Group and HPG entered into lease agreements with a term of 3 year and 6 years, respectively, pursuant to which the Group leased machinery and equipments and buildings from HPG for production and operation. For details of the rental expenses incurred, please refer to Note X. 5(2). It is estimated that the Group's future minimum lease payments under non-cancellable leases are as follows:

	2015	2014
Within 1 year (including 1 year)	17,046,300.00	121,053,500.00
1 to 2 years (including 2 years)	16,153,500.00	16,153,500.00
2 to 3 years (including 3 years)	16,153,500.00	16,153,500.00
Over 3 years	–	16,153,500.00
	49,353,300.00	169,514,000.00

Pursuant to the relevant lease contracts, the minimum lease payments under non-cancellable leases in 2014 mainly include rentals payable by the Company to HPG in respect of the lease of lands, buildings, facilities and equipment etc, with an annual rental of RMB104,900,000.00. The rental paid by the Group to related companies in respect of the lease assets are executed pursuant to the terms of the agreements entered into between the Group and the related parties.

7. The Parent Company and Subsidiaries

	2015	2013
Investment in subsidiaries		
Unlisted investments, at cost	5,677,847,006.66	5,526,692,006.66

The amounts due from and to subsidiaries of RMB3,380,019.25 (2014: RMB2,876,552.50) and RMB31,140.61 (2014: RMB343,737.56) under the items of current assets and current liabilities, respectively, were unsecured, non-interest bearing and repayable on demand or falling due within one year.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

8. Balances of Accounts Due from Related Parties

	2015		2014	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable				
Due from the parent company				
HPG	7,333.50	366.68	–	–
Due from associates				
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	3,159,189.00	239,121.45	1,623,240.00	81,162.00
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	–	–	198,160.00	9,908.00
	3,159,189.00	239,121.45	1,821,400.00	91,070.00
Due from other related parties				
China Ocean Shipping Agency Qinhuangdao	14,026,049.51	701,302.48	20,434,372.00	1,021,718.60
秦皇島之海船務代理有限公司	11,994,750.00	599,737.50	16,360,738.00	818,036.90
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	2,788,325.21	143,606.74	2,268,674.78	114,471.22
Qinghuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	1,821,718.00	91,085.90	178,467.00	8,923.35
秦皇島秦仁海運有限公司	1,196,847.52	59,842.38	1,997,897.04	99,894.85
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	580,472.00	29,023.60	556,313.68	27,815.68
Penavico QHD Logistics Co., Ltd.	536,734.00	26,836.70	–	–
秦皇島益嘉船務代理有限公司	247,048.00	12,352.40	109,156.00	5,457.80
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	203,301.00	10,165.05	–	–
秦皇島晉遠船務代理有限公司	121,353.85	6,067.69	–	–
Qinhuangdao Winsway Petroleum Co., Ltd.	38,778.00	1,938.90	–	–
Cangzhou Bohai New Zone Far Trans Shipping Agency Company	36,382.00	1,819.10	870,419.00	–
河北港口集團港口工程有限公司	–	–	120,455.00	6,022.75
河北港口集團餐飲管理有限公司	–	–	7,231.21	361.56
	33,591,759.09	1,683,778.44	42,903,723.71	2,102,702.71
	36,758,281.59	1,923,266.57	44,725,123.71	2,193,772.71

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

	2015		2014	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables				
Due from associate				
Cangzhau Bohai New Zone Far From Shipping Agency Company	38,391.34	1,919.57	–	–
Due from other related parties				
河北港口集團港口工程有限公司	37,941.96	1,897.10	711,100.78	–
	76,333.30	3,816.67	711,100.78	–
Prepayments				
Advances to the parent company				
HPG	193,053.24	–	152,553.24	–

9. Balances of Accounts Due to Related Parties

	2015	2014
Accounts payable		
Due to the parent company		
HPG	686,829.34	207,938.50
Due to other related parties		
河北港口集團港口工程有限公司	3,290,641.35	13,165,397.00
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	535,917.11	900,301.21
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	211,134.00	264,567.00
Penavico QHD Logistics Co., Ltd.	–	56,100.00
Qinhuangdao Port Elevator Co. Ltd.	20,750.00	40,750.00
	4,058,442.46	14,427,115.21
	4,745,271.80	14,635,053.71

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

	2015	2014
Other payables		
Due to the parent company		
HPG	51,756,911.85	59,918,936.45
Due to associates		
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	–	17,932.80
Due to other related parties		
河北港口集團港口工程有限公司	62,404,804.10	84,644,432.10
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	10,521,405.23	38,165,430.42
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	4,337,334.08	10,872,943.98
河北港口集團餐飲管理有限公司	–	74,502.09
	77,263,543.41	133,757,308.59
	129,020,455.26	193,694,177.84
Receipts in advance		
Advance from other related parties		
Qinhuangdao Ruigang Coal Logistics Co., Ltd.	822,790.10	8,417,167.00
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	430,403.07	–
Qinhuangdao Jinhai Oil Industrial Co.Ltd (秦皇島金海糧油工業有限公司)	11,386.00	517.00
	1,264,579.17	8,417,684.00
Interest payable		
Due to associates		
Hebei Port Group Finance Co., Ltd	50,600.00	–

Accounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

Note: in addition to the related party transactions with joint ventures and associates, other major transactions between the Group and its related parties also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

XI. COMMITMENTS

	2015	2014
Contracted, but not provided for		
Capital commitments	242,837,857.88	548,694,423.32
Investment commitments	1,186,670,000.00	1,146,670,000.00
	1,429,507,857.88	1,695,364,423.32

XII. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the 2015 profit distribution plan based on 5,029,412.000 Shares in issue deliberated at the fourth meeting of the third session of the Board held on 23 March 2016, the Company proposed to pay a cash dividend totaling RMB754,411,800.00 to all Shareholders, which is RMB0.15 per Share (inclusive of applicable tax). The resolution is subject to Shareholder's approval in general meeting.

XIII. OTHER IMPORTANT ITEMS

1. Segment Reporting

Operating segments

For management purpose, the Group is organised into business units based on their products and services, and has one reportable segment: provision of integrated port services. The Management monitors the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

1. Segment Reporting (continued)

Other information

Information about products and services

For the revenue classified by category, please refer to 34. Operating revenue and cost of Note V.

Geographical information

More than 90% of the Group's operations and customers are located in Mainland China; more than 90% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

Information about major customers

In 2015, there were three (2014: two) sales customers which individually contributed over 10% of the Group's total revenue. The revenue from such customers were RMB 1,126,842,581.23, RMB695,481,475.33 and RMB693,012,801.02, respectively(2014: RMB1,009,626,771.71 and RMB894,336,360.01, respectively).

2. Leases

As lessee

Significant operating leases: according to the lease contracts entered into with lessors, the minimum lease payments under non-cancellable leases are as follows:

	2015	2014
Within 1 year (including 1 year)	17,394,700.00	121,539,759.00
1 to 2 years (including 2 years)	16,406,400.00	16,471,900.00
2 to 3 years (including 3 years)	16,323,900.00	16,403,900.00
Over 3 years	170,400.00	16,494,300.00
	50,295,400.00	170,909,859.00

As lessor

For fixed assets leased under operating leases, please refer to 5. Major transactions between the Group and related parties of Note X.

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

3 Remunerations of Directors, Supervisors and Senior Management

	2015	2014
Fees	325,000.00	175,000.00
Other emoluments:		
Salaries and allowances	4,447,353.77	5,787,655.84
Pension scheme contributions	988,438.71	867,518.15
	5,435,792.48	6,655,173.99
	5,760,792.48	6,830,173.99

(1) Independent non-executive Directors

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

	2015	2014
LI Man Choi	100,000.00	75,000.00
YU Shulian	75,000.00	75,000.00
ZHAO Zhen	100,000.00	25,000.00
SHI Rongyao	–	–
HONG Shanxiang	–	–
HOU shujin	25,000.00	–
ZANG Xiuqing	25,000.00	–
	325,000.00	175,000.00

There were no other remunerations payable to the independent non-executive Directors during the year (2014: nil).

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

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

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

	2015	2014
Salaries and allowances:		
Executive Directors:		
XING Luzhen	–	–
TIAN Yunshan	629,943.25	–
HE Shanqi	–	765,443.13
WANG Lubiao	613,566.81	764,758.29
MA Xiping	612,066.81	755,158.29
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
MI Xianwei	–	–
ZHENG Yunming	–	–
Supervisors:		
CHEN Shaojun	–	169,747.94
CAO Dong	445,600.63	478,734.01
YANG Jun	110,161.78	437,405.17
GE Ying	–	–
ZHANG Jun	255,277.32	–
LIU Simang	–	–
NIE Yuzhong	–	–
NING Zhongyou	–	–
BU Zhouqing	–	–
WANG Yashan	–	–
	2,666,616.60	3,371,246.83

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

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

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

	2015	2014
Pension scheme contributions:		
Executive Directors:		
XING Luzhen	–	–
TIAN Yunshan	142,979.28	–
HE Shanqi	–	153,984.04
WANG Lubiao	141,261.72	112,075.92
MA Xiping	138,252.72	111,074.28
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
MI Xianwei	–	–
ZHENG Yunming	–	–
Supervisors:		
CHEN Shaojun	–	37,788.32
CAO Dong	87,801.12	81,572.88
YANG Jun	33,784.05	68,099.40
ZHANG Jun	48,086.22	–
GE Ying	–	–
LIU Simang	–	–
NIE Yuzhong	–	–
NING Zhongyou	–	–
BU Zhonqing	–	–
WANG Yashan	–	–
	592,165.11	564,594.84

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

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

(3) Senior management

	2015	2014
Salaries and allowances:		
HE Zhenya	614,840.56	757,548.29
YANG Wensheng	553,829.80	419,834.84
GUO Xikun	612,066.81	755,158.29
TIAN Yunshan	–	483,867.59
	1,780,737.17	2,416,409.01
Pension scheme contributions:		
HE Zhenya	139,347.36	111,641.40
YANG Wensheng	118,358.64	41,113.94
GUO Xikun	138,567.60	111,363.84
TIAN Yunshan	–	38,804.13
	396,273.60	302,923.31

4. Five Highest Paid Senior Management

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

	2015	2014
Salaries and allowances	1,226,907.37	1,512,706.58
Pension scheme contributions	277,914.96	223,005.24
	1,504,822.33	1,735,711.82

There was no agreement under which a director or senior management waived or agreed to waive any remuneration during the year.

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

	Number of employees	
	2015	2014
Nil to RMB1,000,000	2	2

XIII. OTHER IMPORTANT ITEMS (CONTINUED)

5. Other

Pending Administrative Review

Cangzhou Bohai Port Co., Ltd. ("Cangzhou Bohai"), a subsidiary of the Group, entered into a land use rights transfer contract with Cangzhou Municipal Bureau of Land and Resources and was granted the land use rights of lands with Land Use Rights Certificate No. of "Cang Bo Guo Yong (2011) No.10" and "Cang Bo Guo Yong (2011) No.11". The lands are for commercial services and finance use. As at 31 December 2015, the carry amounts of the lands are RMB55,667,529.36 and RMB38,406,986.33, respectively.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》) (Article 14, Order 53 of Ministry of Land and Resources), that "if the work has not commenced two years from the prescribed date of commencement, pursuant to Article 37 of the Land Administration Law of the PRC, Article 26 of the Law of the PRC on Administration of Urban Real Estate and the approval of an authorising People's Government, the municipal or county land administrative department may issue a Letter of Decision for Land Grant Confiscation, pursuant to which the land grant can be confiscated without any compensation.", on 1 December 2015, with the approval from the Management Committee of Cangzhou Bohai New Zone, the Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources issued a Letter of Decision for Land Grant Confiscation (Cang Bo Guo Tu Xian Ding [2015] No. 005-1 and Cang Bo Guo Tu Xian Ding [2015] No. 005-2) to Cangzhou Bohai, considered that the aforesaid lands were idle lands, and hence confiscated such idle lands in accordance with the relevant laws.

Cangzhou Bohai is of the view that the aforesaid land idling was due to the policy adjustment of the provincial government of Hebei on port construction and management mode instead of the reason arisen from Cangzhou Bohai. Therefore, the reason stated in the aforesaid Letter of Decision which considered that the land idling was caused by Cangzhou Bohai was inconsistent with the fact. Pursuant to Article 8 of Measures on Disposal of Idle Land, with respect to any land parcel becoming "idle" as a result of a delay in commencement of construction caused by the government or government-related acts, the grantee of the rights to use state-owned land shall provide relevant supporting materials to explain to the municipal or county land and resources administrative department the reasons for the land idling. If such explanations are verified to be true, the municipal or county land and resources administrative department shall negotiate with the grantee of the rights to use state-owned land and decide on the methods of disposing the idle land such as extending the time limit for development and construction, changing the land use and planning requirements or negotiating for withdrawal of land use right granted with compensation.

On 28 January 2016, Cangzhou Bohai submitted the application for administrative review to the municipal government of Cangzhou to require the revocation of decision on confiscating such two pieces of land by Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources, and the municipal government of Cangzhou had accepted the application on the same day. As of the date of this report, the aforesaid administrative review was still under review, and the municipal government of Cangzhou has not made decision on the administrative review.

Based on the analysis above and the legal opinion from the attorney of Cangzhou Bohai on the aforesaid administrative review, the Group is of the view that the administrative act by Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources is inconsistent with the fact, and shall be revoked. Based on the actual reason for land idling and after considering the legal opinion from the engaged lawyer, the Group is of the view that it is likely that the municipal government of Cangzhou will revoke the administrative act of confiscating such two pieces of land by Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources.

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

1. Accounts Receivable

	2015	2014
Within 1 year	84,855,356.49	168,822,883.41
1 to 2 years	89,061,264.83	25,982,872.19
2 to 3 years	32,827.71	–
Over 3 years	1,655,441.05	1,655,441.05
	175,604,890.08	196,461,196.65
Less: provision for bad debts of accounts receivable	14,813,217.51	12,675,215.67
	160,791,672.57	183,785,980.98

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

	Opening balance	Provision in the year	Reversal in the year	Write-off in the year	Closing balance
2015	12,675,215.67	2,138,001.84	–	–	14,813,217.51
2014	11,722,028.49	953,187.18	–	–	12,675,215.67

	2015				2014			
	Carrying amount		Provision for bad debts		Carrying amount Amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	84,855,356.49	48.32	4,243,733.97	5	168,822,883.41	85.93	8,443,810.23	5
1 to 2 years	89,061,264.83	50.72	8,904,194.18	10	25,982,872.19	13.23	2,575,964.39	10
2 to 3 years	32,827.71	0.02	9,848.31	30	–	–	–	–
Over 3 years	1,655,441.05	0.94	1,655,441.05	100	1,655,441.05	0.84	1,655,441.05	100
	175,604,890.08	100.00	14,813,217.51		196,461,196.65	100.00	12,675,215.67	

As at 31 December 2015 and 31 December 2014, the Company performed the impairment test in respect of single accounts receivable that was significant, and considered that there was no need for the provision for bad debts separately. The Company grouped these accounts receivable and made the provision for bad debts in the method of ageing analysis.

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

2. Other Receivables

An aged analysis of other receivables is as follows:

	2015	2014
Within 1 year	3,977,404.03	4,737,923.71
1 to 2 years	701,288.57	2,397,300.00
2 to 3 years	2,397,300.00	106,300.00
Over 3 years	25,631,421.24	45,525,121.24
	32,707,413.84	52,766,644.95
Less: Provision for bad debts of other receivables	26,622,946.22	46,033,632.93
	6,084,467.62	6,733,012.02

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

	Opening balance	Provision in the year	Reversal in the year	Write-off in the year	Closing balance
2015	46,033,632.93	–	(19,410,686.71)	–	26,622,946.22
2014	57,016,935.56	–	(10,983,302.63)	–	46,033,632.93

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

	2015				2014			
	Carrying amount		Provision for bad debts		Carrying amount Amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	3,977,404.03	12.16	198,870.20	5	4,737,923.71	8.98	236,891.69	5
1 to 2 years	701,288.57	2.14	68,460.90	10	2,397,300.00	4.54	239,730.00	10
2 to 3 years	2,397,300.00	7.33	724,193.88	30	106,300.00	0.20	31,890.00	30
3 to 4 years	130,881.24	0.40	130,881.24	100	24,581.24	0.05	24,581.24	100
Over 4 years	25,500,540.00	77.97	25,500,540.00	100	45,500,540.00	86.23	45,500,540.00	100
	32,707,413.84	100.00	26,622,946.22		52,766,644.95	100.00	46,033,632.93	

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

2. Other Receivables (continued)

Other receivables by nature are as follows:

	2015	2014
Equity transfer consideration	25,500,540.00	45,500,540.00
Deposits	3,467,004.40	3,492,977.01
Others	3,739,869.44	3,773,127.94
	32,707,413.84	52,766,644.95

3. Available-for-sale Financial Assets

	2015	2014
Unlisted investment		
Available-for-sale equity instruments	562,752,357.95	562,752,357.95

As at 31 December 2015, the fair value of domestic unlisted equity investments held by Group could not be reliable measured due to lack of a quoted price in an active market, and these investment were measured at cost. The Group has no intention to dispose of these investments. The specific details are as follows:

Name of investee	31 December 2014	Increase in the year	Decrease in the year	31 December 2015
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	498,000,000.00	–	–	498,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	34,000,000.00	–	–	34,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	30,752,357.95	–	–	30,752,357.95
Total	562,752,357.95	–	–	562,752,357.95

Name of investee	31 December 2013	Increase in the year	Decrease in the year	31 December 2014
SDIC Caofeidian Port Co., Ltd.	498,000,000.00	–	–	498,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd.	34,000,000.00	–	–	34,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	–	30,752,357.95	–	30,752,357.95
Total	532,000,000.00	30,752,357.95	–	562,752,357.95

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

4. Long-term Equity Investments

2015

	Opening balance	Changes in the year: Increase in investment	Changes in the year: Investment income or loss under the equity method	Changes in the year: Distribution of cash dividend	Changes in the year: Other changes in equity	Closing carrying amount
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	7,045,383.72	5,040,000.00	–	–	–	12,085,383.72
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	10,125,275.79	–	–	–	–	10,125,275.79
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	–	–	–	–	219,521,347.15
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	2,360,000,000.00	–	–	–	–	2,360,000,000.00
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	–	–	–	–	918,000,000.00
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	1,930,000,000.00	–	–	–	–	1,930,000,000.00
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	32,500,000.00	–	–	–	–	32,500,000.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	–	–	–	–	49,500,000.00
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	–	56,000,000.00	–	–	–	56,000,000.00
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	–	40,115,000.00	–	–	–	40,115,000.00
Cangzhou Huanghuagang Coal Oil Port Co., Ltd. (滄州黃驊港煤炭港務有限公司)	–	50,000,000.00	–	–	–	50,000,000.00
Total under cost method	5,526,692,006.66	151,155,000.00	–	–	–	5,677,847,006.66
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	100,000,000.00	–	(714,009.93)	–	–	99,285,990.07
Sub-total of joint ventures	100,000,000.00	–	(714,009.93)	–	–	99,285,990.07
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,250,388.06	–	(1,317,783.38)	–	–	932,604.68
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	203,167,579.17	–	7,978,611.69	–	–	211,146,190.86
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	970,978,558.80	–	170,803,747.12	(140,000,000.00)	2,248,287.71	1,004,030,593.63
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	–	–	–	–	20,000,000.00
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	37,130,435.93	–	(1,169,439.51)	–	–	35,960,996.42
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	1,994,046.00	1,320,000.00	1,435,181.99	–	–	4,749,227.99
Sub-total of associates	1,235,521,007.96	1,320,000.00	177,730,317.91	(140,000,000.00)	2,248,287.71	1,276,819,613.58
Total under equity method	1,335,521,007.96	1,320,000.00	177,016,307.98	(140,000,000.00)	2,248,287.71	1,376,105,603.65
Total	6,862,213,014.62	152,475,000.00	177,016,307.98	(140,000,000.00)	2,248,287.71	7,053,952,610.31

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

4. Long-term Equity Investments (continued)

2014

	Opening balance	Changes in the year: Increase/(decrease) in investment	Changes in the year: Investment income or loss under the equity method	Changes in the year: Distribution of cash dividend	Changes in the year: Other changes in equity	Closing carrying amount
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	7,045,383.72	–	–	–	–	7,045,383.72
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	4,730,597.16	(4,730,597.16)	–	–	–	–
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	10,125,275.79	–	–	–	–	10,125,275.79
Qinhuangdao Xin'gangwan Container Terminal Co.,Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	–	–	–	–	219,521,347.15
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	2,360,000,000.00	–	–	–	–	2,360,000,000.00
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	–	–	–	–	918,000,000.00
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	895,000,000.00	1,035,000,000.00	–	–	–	1,930,000,000.00
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	–	32,500,000.00	–	–	–	32,500,000.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	–	49,500,000.00	–	–	–	49,500,000.00
Total under cost method	4,414,422,603.82	1,112,269,402.84	–	–	–	5,526,692,006.66
Qinhuangdao Honggang Terminal Services Co., Ltd.	2,301,844.66	(2,737,429.17)	673,584.51	(238,000.00)	–	–
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	–	100,000,000.00	–	–	–	100,000,000.00
Sub-total of joint ventures	2,301,844.66	97,262,570.83	673,584.51	(238,000.00)	–	100,000,000.00
Qinhuangdao Huazheng Coal Inspection Institute	2,273,387.63	–	(22,999.57)	–	–	2,250,388.06
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	–	200,000,000.00	3,167,579.17	–	–	203,167,579.17
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	903,951,307.60	–	170,487,587.36	(105,000,000.00)	1,539,663.84	970,978,558.80
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd.	20,000,000.00	–	–	–	–	20,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	30,045,969.74	(29,987,278.57)	(58,691.17)	–	–	–
Tangshan Jingtang Railway Co., Ltd.	37,935,764.66	–	(805,328.73)	–	–	37,130,435.93
Cangzhou Ocean Shipping Tally Co., Ltd.	–	1,994,046.00	–	–	–	1,994,046.00
Sub-total of associates	994,206,429.63	172,006,767.43	172,768,147.06	(105,000,000.00)	1,539,663.84	1,235,521,007.96
Total under equity method	996,508,274.29	269,269,338.26	173,441,731.57	(105,238,000.00)	1,539,663.84	1,335,521,007.96
Total	5,410,930,878.11	1,381,538,741.10	173,441,731.57	(105,238,000.00)	1,539,663.84	6,862,213,014.62

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

5. Operating Revenue and Cost

	2015	2014
Operating revenue	5,829,744,310.38	6,309,161,544.90

	2015	2014
Operating cost	3,334,999,482.32	3,376,361,483.07

Operating revenue is as follows:

	2015	2014
Revenue from service in relation to coal and relevant products	5,173,893,754.16	5,579,755,378.52
Revenue from service in relation to metal ore and relevant products	123,398,436.66	129,155,363.85
Revenue from service in relation to general and other cargoes	213,555,780.08	232,441,502.66
Revenue from service in relation to liquefied cargoes	105,510,641.48	109,422,359.64
Revenue from others	213,385,698.00	258,386,940.23
	5,829,744,310.38	6,309,161,544.90

6. Investment Income

	2015	2014
Dividend income on holding available-for-sale financial assets	59,250,000.00	61,190,000.00
Income from long-term equity investments under cost method	1,680,000.00	3,360,000.00
Income from long-term equity investments under equity method	177,016,307.98	173,441,731.57
Including: Investment income from associates	177,730,317.91	172,768,147.06
Investment income from joint ventures	(714,009.93)	673,584.51
Investment income generated from reclassification to available-for-sale financial assets	–	765,079.38
Investment income arising from disposal of long-term equity investment	–	(1,814,426.82)
	237,946,307.98	236,942,384.13