



青島港國際股份有限公司

QINGDAO PORT INTERNATIONAL CO., LTD.*

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

Stock Code: 06198

Interim Report

2016



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The following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“CFS”	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
“Company”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
“Consolidated Group Companies”	the Companies (including their branches) and their subsidiaries which are consolidated into the consolidated financial statements of the Company excluding share of post-tax of an associate and joint ventures when referring to income information
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Global Offering”	the offer for subscription of the Company’s H shares in 2014
“Group”, “we”, “our” or “us”	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and an associate of the Company
“Haiwan Liquid Chemical”	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huaneng Qingdao”	Huaneng Qingdao Port Operation Co., Ltd. (華能青島港務有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“One Belt and One Road”	the Silk Road Economic Belt and 21st Century Maritime Silk Road
“Prospectus”	the listing document of the Company in relation to the Global Offering dated 26 May 2014
“PRC” or “China”	the People’s Republic of China, and for the purpose of this report, excluding Hong Kong, Macau and Taiwan
“QDOT”	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
“QDP”	Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司), the controlling shareholder of the Company, which holds approximately 73.84% equity interest in the Company as of the date of this report
“Qingdao Finance”	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its group companies
“Qingdao Financial Leasing”	Qingdao Port International Financial Leasing Co., Ltd. (青島港國際融資租賃有限公司), a wholly-owned subsidiary established by the Company in June 2015
“Qingdao Shihua”	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Qingwei Container”	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing container handling and ancillary services
“QQCT”	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds 31% equity interests, which is mainly engaged in the business of providing container handling and ancillary services

DEFINITIONS

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

COMPANY PROFILE

Following the restructuring by QDP, the controlling shareholder of the Company, the Company was established on 15 November 2013, and was listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014.

The Group is the primary operator of the Port of Qingdao, and is mainly engaged in the handling of different types of cargoes such as container, metal ore, coal and oil and the provision of ancillary services, logistics and port value-added services, port ancillary services and financial services.

CORPORATE INFORMATION

CHINESE NAME OF THE COMPANY

青島港國際股份有限公司

ENGLISH NAME OF THE COMPANY

Qingdao Port International Co., Ltd.

LEGAL REPRESENTATIVE

Mr. ZHENG Minghui

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

- (1) Headquarters in the PRC:
7 Ganghua Road
City North District, Qingdao
Shandong Province, PRC
- (2) Principal Place of Business in Hong Kong:
36th Floor
Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

DATE OF LISTING

6 June 2014

PLACE OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited

ABBREVIATED CHINESE STOCK NAME

青島港

ABBREVIATED ENGLISH STOCK NAME

Qingdao Port

STOCK CODE

06198

TELEPHONE

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WEBSITE

<http://www.qingdao-port.com>

BOARD OF DIRECTORS

(1) Executive Directors

Mr. ZHENG Minghui (*Chairman*)

Mr. JIAO Guangjun (*President*)

Ms. JIANG Chunfeng

(2) Non-executive Directors

Mr. CHENG Xinnong (*Vice Chairman*)

Mr. MA Baoliang

Mr. ZHANG Qingcai

(3) Independent Non-executive Directors

Mr. WANG Yaping

Mr. CHAU Kwok Keung

Mr. YANG Qiulin

SUPERVISORY COMMITTEE

Mr. FU Xinmin (*Chairman*)

Mr. CHI Dianmou

Ms. XUE Qingxia

Ms. LIU Yuping

Mr. LI Xuxiu

Mr. LIU Dengqing

CORPORATE INFORMATION

JOINT COMPANY SECRETARIES

Mr. CHEN Fuxiang
Ms. LAI Siu Kuen

AUTHORISED REPRESENTATIVES

Mr. ZHENG Minghui
Ms. LAI Siu Kuen

SPECIAL COMMITTEES OF BOARD OF DIRECTORS

(1) Strategy and Development Committee

Mr. ZHENG Minghui (*Chairman*)
Mr. CHENG Xinnong
Mr. JIAO Guangjun
Mr. MA Baoliang
Mr. ZHANG Qingcai
Ms. JIANG Chunfeng

(2) Audit Committee

Mr. CHAU Kwok Keung (*Chairman*)
Mr. ZHANG Qingcai
Mr. YANG Qiulin

(3) Remuneration Committee

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

(4) Nomination Committee

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

H SHARE REGISTRAR

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

LEGAL ADVISERS

(1) As to Hong Kong law

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

(2) As to PRC law

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

PRINCIPAL BANKERS

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERNATIONAL AND DOMESTIC SITUATION

1. General Situation

In the first half of 2016, the global economy's recovery faltered and the global trade continued shrinking. The import and export trade in China still faced a sluggish global trading environment. The gross domestic product (GDP) of China increased by 6.7% on a year-on-year basis. The total export and import trade value of China for the first half of 2016 decreased by 2.1% and 4.7% on a year-on-year basis, respectively. *(Sources: Statistics from National Bureau of Statistics of the PRC and the General Administration of Customs of the PRC)*

2. Operation of the Port Industry

With a slowdown in economy growth and the decrease in the total value of the import and export trade in China, the growth rate of national coastal ports throughput has also entered into a “new normal” phase characterised by moderate, single-digit growth rate. In the first half of 2016, the national coastal ports throughput and the container throughput increased by 1.7% and 3.6% on a year-on-year basis, respectively. *(Source: Statistics from the Ministry of Transport of the PRC)*

II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP

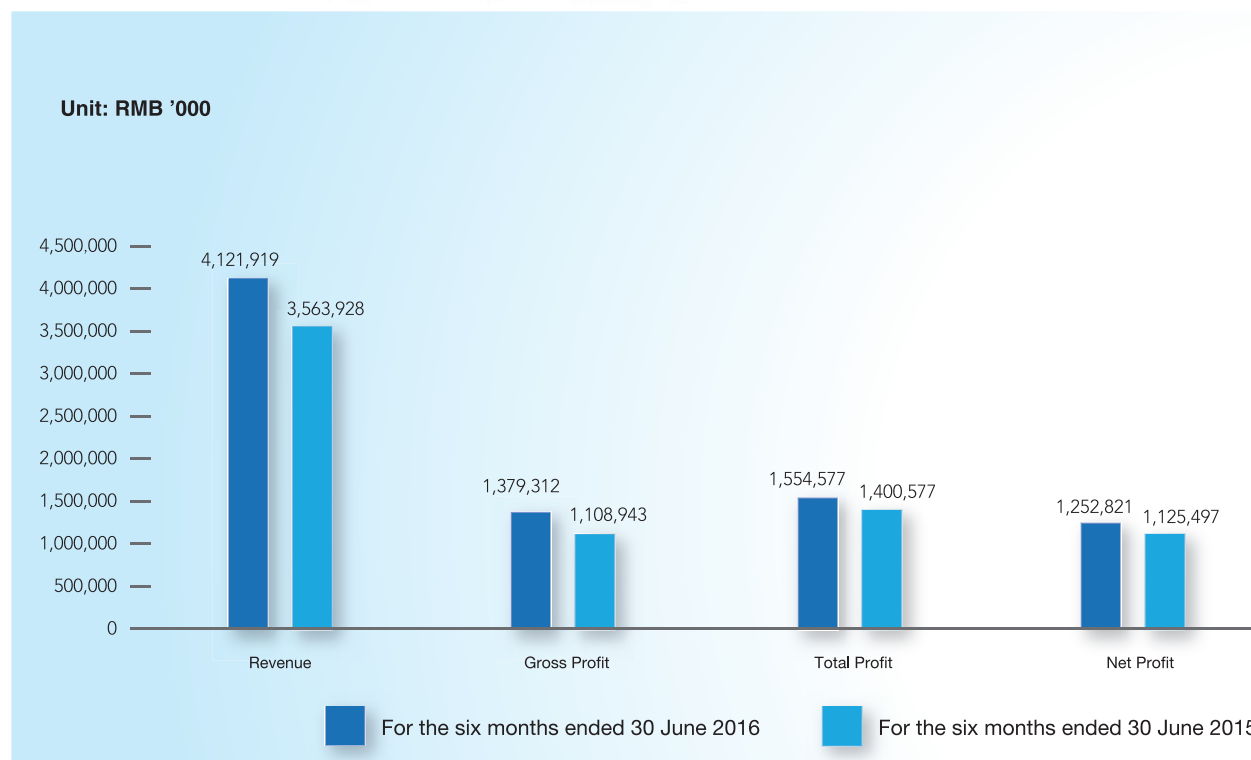
1. Overall Review

Faced with the “new normal” of the PRC's economic development, the Group has accelerated the expansion of its logistics and port value-added services on the basis of consolidating and expanding its port stevedoring business, further optimized the profit structure and made efforts to create the edge for a new round of development and a diversified and sustainable profit model.

For the six months ended 30 June 2016, the Group's cargo throughput was 221.48 million tons, representing an increase of 6.1% over the same period of last year. During the same period, the Group realized a container throughput of 8.86 million TEUs, representing an increase of 3.6% over the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison of Major Operating Indicators



For the six months ended 30 June 2016, the Group recorded a revenue of RMB4,122 million, representing an increase of RMB558 million, or 15.7%, over the same period of last year, mainly due to the increase in the revenue from the logistics and port value-added services and port ancillary services segments.

For the six months ended 30 June 2016, the Group recorded a gross profit of RMB1,379 million, representing an increase of RMB270 million, or 24.3%, over the same period of last year, mainly due to the increase in gross profit from the logistics and port value-added services, metal ore, coal and other cargo handling and ancillary services and port ancillary services segments.

For the six months ended 30 June 2016, the selling and distribution expenses and general and administrative expenses of the Group amounted to RMB279 million, representing an increase of RMB28 million, or 11.2%, over the same period of last year, mainly due to the increase in the provision for early retirement benefit obligation for new participants during the reporting period.

For the six months ended 30 June 2016, the share of post-tax profit of an associate and joint ventures of the Group amounted to RMB399 million, representing an increase of RMB48 million, or 13.7%, over the same period of last year, which was mainly due to the increase in the investment income of the container handling and ancillary services, and liquid bulk handling and ancillary services segments.

For the six months ended 30 June 2016, the Group realised a total profit of RMB1,555 million, representing an increase of RMB154 million, or 11.0%, over the same period of last year. After deducting the gain from the disposal of equity interest in Riqing Container, the total profit of the Group increased by RMB307 million, or 24.6%, over the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2016, the net profit attributable to shareholders of the Company amounted to RMB1,200 million, representing an increase of RMB113 million, or 10.4%, over the same period of last year. After deducting the gain from the disposal of equity interest in Riqing Container, the net profit attributable to shareholders of the Company increased by RMB228 million, or 23.5%, over the same period of last year.

2. Segment Review

The segment results (total profit) of the Group were listed as follows:

Proportion of Segment Results

Unit: RMB'000

Business Segments	For the six months ended 30 June 2016		For the six months ended 30 June 2015		Change
	Amount	Proportion	Amount	Proportion	
Container handling and ancillary services	321,625	19.6%	448,741	30.4%	-28.3%
Metal ore, coal and other cargo handling and ancillary services	279,749	17.1%	263,212	17.8%	6.3%
Liquid bulk handling and ancillary services	147,318	9.0%	132,397	9.0%	11.3%
Logistics and port value-added services	536,794	32.7%	380,787	25.8%	41.0%
Port ancillary services	232,919	14.2%	152,237	10.3%	53.0%
Financial services	120,827	7.4%	98,338	6.7%	22.9%
Total results before inter-segment elimination	1,639,232	100.0%	1,475,712	100.0%	11.1%

Proportion of Segment Results

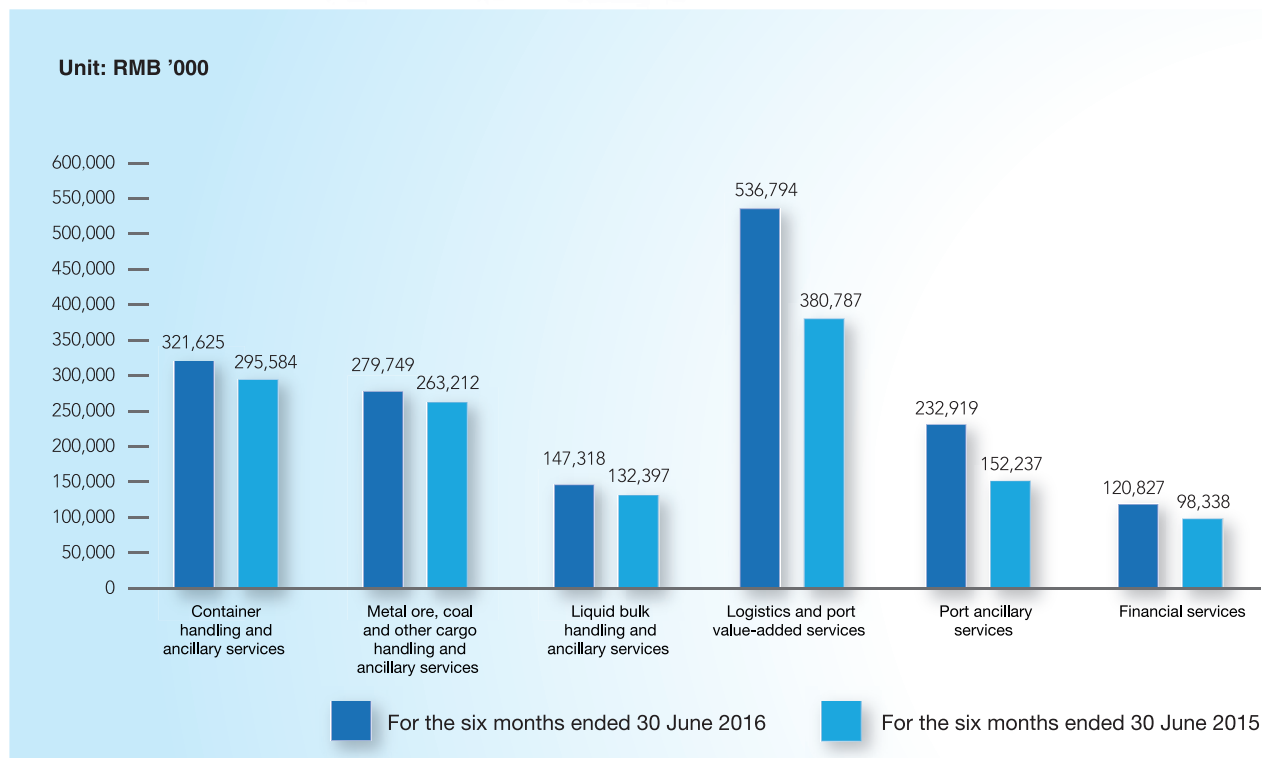
(After deducting the gain from the disposal of equity interest in Riqing Container in the same period of last year)

Unit: RMB'000

Business Segments	For the six months ended 30 June 2016		For the six months ended 30 June 2015		Change
	Amount	Proportion	Amount	Proportion	
Container handling and ancillary services	321,625	19.6%	295,584	22.4%	8.8%
Metal ore, coal and other cargo handling and ancillary services	279,749	17.1%	263,212	19.9%	6.3%
Liquid bulk handling and ancillary services	147,318	9.0%	132,397	10.0%	11.3%
Logistics and port value-added services	536,794	32.7%	380,787	28.8%	41.0%
Port ancillary services	232,919	14.2%	152,237	11.5%	53.0%
Financial services	120,827	7.4%	98,338	7.4%	22.9%
Total results before inter-segment elimination	1,639,232	100.0%	1,322,555	100.0%	23.9%

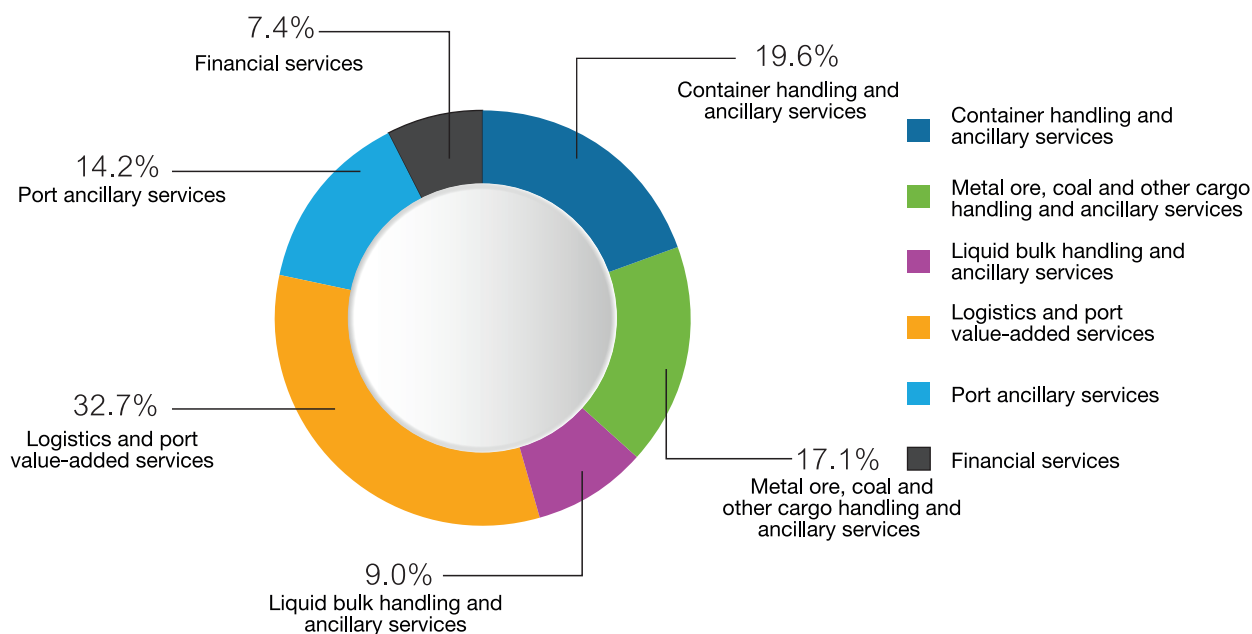
MANAGEMENT DISCUSSION AND ANALYSIS

Comparison of Segment Results



Note: Segment results for the six months ended 30 June 2015 are after deducting the gain from the disposal of equity interest in Riqing Container.

Breakdown of segment results for the six months ended 30 June 2016



MANAGEMENT DISCUSSION AND ANALYSIS

Fully leveraging on the port resources and scientifically planning the investment structure, the Group developed into a diversified enterprise group consisting of three fields, i.e. terminal business, logistics business and financial business, and gradually built up a diversified development model relying on the main business of stevedoring. The particulars are as follows:

(1) Container handling and ancillary services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2016	2015		
Consolidated Group Companies				
Revenue	95,461	97,188	-1,727	-1.8%
Cost of sales	36,203	32,634	3,569	10.9%
Gross profit	59,258	64,554	-5,296	-8.2%
Profit of Consolidated Group Companies				
	58,348	58,931	-583	-1.0%
Joint Ventures				
Revenue	1,665,235	1,602,633	62,602	3.9%
Cost of sales	538,957	542,984	-4,027	-0.7%
Share of post-tax profit of joint ventures				
	263,277	236,653	26,624	11.3%
Disposal of equity interest in				
Riqing Container	—	153,157	-153,157	-100.0%
Segment result	321,625	448,741	-127,116	-28.3%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as QQCT, Qingwei Container and others, without taking into account the respective shareholding percentages the Company has in those joint ventures. See "Summarised Financial Information of Joint Ventures" for more details on QQCT's financial information.

For the six months ended 30 June 2016, the Group achieved a container throughput of 8.86 million TEUs, representing an increase of 3.6% over the same period of last year, and the segment result was RMB322 million, representing a decrease of RMB127 million over the same period of last year. After deducting the gain of RMB153 million from the disposal of equity interest in Riqing Container, the segment result increased by RMB26 million, representing an increase of 8.8% over the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

The result of this segment mainly originated from relevant joint ventures of the Company, and the changes in the result were mainly due to the following reasons:

- (1) The Group further implemented the headquarters strategy for shipping companies, and opened ten international shipping lines including, among others, United States East Coast, Middle East, India and Pakistan, and Southeast Asia lines, the container vessels with a loading capacity over 13,000 TEUs calling at the port increased by 30%, and the international transit shipment grew by 20% over the same period of last year with newly-developed international transshipment channel.
- (2) The Group seized the opportunity of “One Belt and One Road” national strategy, expanded the capacity of sea-rail intermodal transportation system and established presence in inland ports. The sea-rail intermodal transportation routes increased to 31 and the container volume attributable to sea-rail intermodal transportation increased by 51.3% over the same period of last year, further enhancing our competitive influence in the hinterland market of inland China.
- (3) The increased handling volume as well as adjusted and optimized business policies resulted in an increase in the investment income from QQCT by 13.0%.

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

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2016	2015		
Consolidated Group Companies				
Revenue	1,364,351	1,462,244	-97,893	-6.7%
Cost of sales	936,463	1,075,130	-138,667	-12.9%
Gross profit	427,888	387,114	40,774	10.5%
Profit of Consolidated Group Companies				
	272,267	265,595	6,672	2.5%
Joint ventures				
Revenue	631,627	593,738	37,889	6.4%
Cost of sales	471,342	474,821	-3,479	-0.7%
Share of post-tax profit of joint ventures				
	7,482	-2,383	9,865	—
Segment result	279,749	263,212	16,537	6.3%

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

For the six months ended 30 June 2016, the Group achieved metal ore, coal and other cargo throughput of 91.53 million tons, representing an increase of 10.1% over the same period of last year. The segment result was RMB280 million, representing an increase of RMB17 million, or 6.3%, over the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

The changes in the result were mainly due to the following reasons:

- (1) The adjustment of the mix of the cargo types and business policies decreased the revenue of subcontract business of Consolidated Group Companies by RMB80 million, and the provision of “volume and price guarantee” policy to clients in order to respond to the market competition and enhance market share resulted in a decrease of average rates.
- (2) The decrease in the subcontract business cost of Consolidated Group Companies resulting from the adjustment of the mix of the cargo types and business policies, and the decrease in the labor cost of Consolidated Group Companies resulting from employee relocating to align with the above adjustment, as well as the decrease in the cost of equipment maintenance and energy consumption, making the cost of sales of Consolidated Group Companies decreased.
- (3) 18 Valemax ore carriers berthed Dongjiakou Port Area, which symbolized a normalized berthing, and the value-added businesses including ore mixing, ore distribution and bonded storage expanded, which brought an increase in the income of joint ventures and the share of post-tax profit of joined ventures increased by RMB10 million.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2016	2015		
Consolidated Group Companies				
Revenue	55,816	52,774	3,042	5.8%
Cost of sales	8,466	8,898	-432	-4.9%
Gross profit	47,350	43,876	3,474	7.9%
Profit of Consolidated Group Companies				
	46,305	43,576	2,729	6.3%
Joint Ventures				
Revenue	501,319	414,533	86,786	20.9%
Cost of sales	202,074	153,168	48,906	31.9%
Share of post-tax profit of joint ventures				
	101,013	88,821	12,192	13.7%
Segment result				
	147,318	132,397	14,921	11.3%

Note: Amount of revenue and cost of sales of joint ventures represents the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as Qingdao Shihua and Haiwan Liquid Chemical without taking into account the shareholding percentage of the Company has in those joint ventures. See “Summarised Financial Information of Joint Ventures” for more details on Qingdao Shihua’s financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2016, the Group achieved liquid bulk throughput of 33.75 million tons, representing an increase of 12.4% over the same period of last year. The segment result was RMB147 million, representing an increase of RMB15 million, or 11.3%, over the same period of last year.

The result of such segment mainly originated from relevant joint ventures of the Company, and the changes in the result were mainly due to the following reasons:

- (1) The Group seized the opportunity that the import quota and process quota of crude oil were released for local refineries in Shandong province, and fully accelerated the four-mode transportation efficiency including railway, pipeline, highway and waterway, and gave full play to the terminal resources, achieving an increase in the handling volume and revenue of Qingdao Shihua.
- (2) The crude oil terminal of Qingdao Shihua in Dongjiakou Port Area increased its production and achieved profit. In the future, the ancillary oil tanks in the Dongjiakou Port Area and the pipelines from Dongjiakou to the middle and northern areas in Shandong province will be successively completed and put into use, which will gradually increase the throughput of crude oil terminal in Dongjiakou Port Area.

(4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2016	2015		
Consolidated Group Companies				
Revenue	1,597,728	1,120,120	477,608	42.6%
Cost of sales	1,020,295	726,465	293,830	40.4%
Gross profit	577,433	393,655	183,778	46.7%
Profit of Consolidated Group Companies				
	509,939	353,243	156,696	44.4%
Joint ventures and an associate				
Revenue	369,408	329,808	39,600	12.0%
Cost of sales	261,162	225,218	35,944	16.0%
Share of post-tax profit of joint ventures and an associate				
	26,855	27,544	-689	-2.5%
Segment result	536,794	380,787	156,007	41.0%

Note: Amount of revenue and cost of sales of joint ventures and an associate represents the total amount of revenue and cost of sales in the financial information of joint ventures and the associate of the Company providing logistics and port value-added services, without taking into account the respective shareholding percentages the Company has in those joint ventures and the associate.

MANAGEMENT DISCUSSION AND ANALYSIS

On basis of strengthening our position as a traditional terminal operator, the Group adopted vertically-integrated development policy, vigorously developed “door-to-door” whole-process logistics services by focusing on its traditional stevedoring businesses and extending the port logistics industry chain, aiming to transform to a modern logistics services provider and logistics supply chain operations organizer and create a healthy and sustainable profit model.

For the six months ended 30 June 2016, the Group recorded a segment result of RMB537 million, representing an increase of RMB156 million, or 41.0%, over the same period of last year.

The changes in the result were mainly due to the following reasons:

- (1) Agency business provided “one-stop” whole-process services to clients covering booking shipping space, transportation, storage and settlement, and strengthened branding operation, resulting in the business volume of shipping agency and freight forwarding of Consolidated Group Companies amounted to over three times compared to the same period of last year, with an increase of the profit before income tax by RMB85 million.
- (2) The strong alliance in CFS business exerted synergies and strengthened competitiveness. With four newly-established joint CFS, the total import and export container handling volume increased by 93%, the market share increased by 12 percentage points and the profit before income tax increased by RMB70 million, compared to the same period of last year.
- (3) Following the development of stevedoring business, the tallying business developed steadily, increasing the profit before income tax by RMB14 million.
- (4) The Group adjusted the charging standard of tugging fees in towing business due to the port charging standard reform in China, decreasing the profit before income tax by RMB13 million.

(5) Port ancillary services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2016	2015		
Consolidated Group Companies				
Revenue	998,826	829,068	169,758	20.5%
Cost of sales	743,247	611,462	131,785	21.6%
Gross profit	255,579	217,606	37,973	17.5%
Profit of Consolidated				
Group Companies	232,919	152,237	80,682	53.0%
Segment result	232,919	152,237	80,682	53.0%

For the six months ended 30 June 2016, the segment result of the Group from port ancillary services amounted to RMB233 million, representing an increase of RMB81 million, or 53.0%, compared to the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

The changes in the result were mainly due to the following reasons:

The traditional businesses such as power supply and port engineering construction services led to the increase in the profit before income tax by RMB34 million; the new businesses such as information technology, property management and culture and media services led to the increase in the profit before income tax by RMB20 million; and the newly-established Consolidated Group Companies engaging in trade and security services led to the increase in the profit before income tax by RMB11 million.

(6) Financial services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2016	2015		
Consolidated Group Companies				
Revenue	146,974	141,958	5,016	3.5%
Cost of sales	18,691	15,198	3,493	23.0%
Gross profit	128,283	126,760	1,523	1.2%
Profit of Consolidated Group Companies				
	120,827	98,338	22,489	22.9%
Segment result	120,827	98,338	22,489	22.9%

The Group regarded the integrative development model of “Industry Plus Finance” as the main thread, vigorously innovated business model, focused on improving profitability and diversified financial business, to form a financial ecosystem of the port with Qingdao Finance as the core and other financial services such as financial leasing, asset management and insurance agency services as the supplement.

For the six months ended 30 June 2016, the segment result of the Group from financial services amounted to RMB121 million, representing an increase of RMB22 million, or 22.9% compared to the same period of last year.

The changes in the result were mainly due to the following reasons:

- (1) The fast growth of the basic businesses such as the proprietary lending and entrusted loans, as well as the start-up of the intermediary businesses such as transfer discount business and rediscount business of Qingdao Finance led to the increase in the profit before income tax by RMB15 million.
- (2) Business such as the sale and leaseback of Qingdao Financial Leasing led to the increase in the profit before income tax by RMB5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Financial Position Analysis

Unit: RMB'000

Item	As at	As at	Amount Changed	Percentage Changed
	30 June 2016	31 December 2015		
Cash at bank and on hand	8,653,483	7,558,190	1,095,293	14.5%
Long-term receivables	3,718,332	1,679,671	2,038,661	121.4%
Long-term equity investments	4,757,799	4,698,040	59,759	1.3%
Fixed assets	8,669,061	8,479,171	189,890	2.2%
Construction in progress	3,955,454	3,490,376	465,078	13.3%
Other payables	8,333,964	8,241,744	92,220	1.1%
Bonds payable	3,500,000	—	3,500,000	—

As at 30 June 2016, the Group's Cash at bank and on hand increased by RMB1,095 million, or 14.5%, mainly due to the increase from operating activities amounted to RMB330 million, the decrease from investing activities amounted to RMB4,179 million, the increase from financing activities amounted to RMB4,146 million, and the increase from restricted funds for the maturity of the term deposits with initial term of over three months amounted to RMB797 million compared to the beginning of the year.

As at 30 June 2016, the Group's long-term receivables increased by RMB2,039 million, or 121.4%, compared to the beginning of the year, due to the Group provided loans to its related parties.

As at 30 June 2016, the Group's long-term equity investments increased by RMB60 million, or 1.3%, compared to the beginning of the year, mainly due to the investment income as recognized by the Group under the equity method has exceeded the dividends as declared by joint ventures and an associate for the six months ended 30 June 2016.

As at 30 June 2016, the Group's fixed assets increased by RMB190 million, compared to the beginning of the year, mainly due to the additional fixed assets increased by RMB415 million, and the provision for depreciation of fixed assets decreased by RMB225 million.

As at 30 June 2016, the Group's construction in progress increased by RMB465 million, or 13.3%, compared to the beginning of the year, mainly due to the berth project for dry bulk and general cargo in Dongjiakou Port Area increased by RMB412 million, the oil tanks project in Dongjiakou Port Area increased by RMB348 million, the yard and other projects in Dongjiakou Port Area increased by RMB72 million and the decrease of RMB367 million by port basin deepening and dredging projects in Qianwan Port Area transferred to fixed assets.

As at 30 June 2016, the Group's other payables increased by RMB92 million, or 1.1%, compared to the beginning of the year, mainly due to the increase of RMB113 million in the deposits of members with Qingdao Finance.

As at 30 June 2016, the Group's bonds payable increased by RMB3,500 million, compared to the beginning of the year, as the Group issued corporate bonds of RMB3,500 million in the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Cash Flow Analysis

For the six months ended 30 June 2016, the Group's net cash inflow amounted to RMB298 million. Net cash inflow from operating activities amounted to RMB330 million, mainly derived from the operating profit of Consolidated Group Companies. Net cash outflow from investing activities amounted to RMB4,179 million, mainly comprising cash inflow of RMB334 million through the receipt of dividends from joint ventures and an associate, cash inflow of RMB150 million from receipt of interests, cash outflow of RMB1,873 million for loans advanced to members, cash outflow of RMB1,160 million for purchasing principal-guaranteed wealth management products and deposits with initial term of over three months, cash outflow of RMB1,273 million for purchasing and construction of port assets, cash outflow of RMB345 million arising from the increase of mandatory reserve deposit by Qingdao Finance. Net cash inflow from financing activities amounted to RMB4,146 million, mainly due to cash inflow of RMB3,500 million from issuing the corporate bonds, cash inflow of RMB336 million from a discount of acceptance bills before its maturity, cash inflow of RMB274 million from equity investment of non-controlling interests of Consolidated Group Companies.

In order to facilitate the understanding of shareholders and investors, after eliminating the impact of Qingdao Finance and the Group's purchases of the principal-guaranteed wealth management products and the deposits with initial term of over three months on cash flow, the net cash inflow of the Group amounted to RMB2,324 million.

5. Liquidity and Financial Resources

As at 30 June 2016, the Group's cash at bank and on hand amounted to RMB8,653 million, and the principal-guaranteed wealth management products amounted to RMB850 million, which were mainly denominated by RMB. After eliminating the impact of Qingdao Finance, the Group's self-owned cash at bank and on hand amounted to RMB4,139 million, and the principal-guaranteed wealth management products amounted to RMB850 million. After eliminating the impact of Qingdao Finance, the Group's total interest-bearing liabilities amounted to RMB3,927 million, including liabilities at fixed rates of RMB3,751 million and liabilities at floating rates of RMB176 million.

As at 30 June 2016, relevant information of the gearing ratio of the group was disclosed in note 14 to the financial statements.

As at 30 June 2016, after eliminating the impact of Qingdao Finance, the amount of the Group's cash at bank and on hand exceeded its total interest-bearing borrowings.

6. Capital Structure

As at 30 June 2016, total equity of the Group amounted to RMB14,295 million, representing an increase of RMB747 million as compared with that of 31 December 2015, among which, the operating profit for the six months ended 30 June 2016 increased the total equity by RMB1,200 million, the declaration of year-end dividend by the Company for 2015 decreased the total equity by RMB665 million, the increase of non-controlling interests increased the total equity by RMB303 million, the payment for acquisition of corresponding assets group regarding as business combination under common control decreased the total equity by RMB198 million, and actuarial gains from supplemental retirement benefits increased the total equity by RMB99 million.

As at 30 June 2016, the Company has issued 4,778,204,000 shares, of which 856,024,000 shares are H shares. The total market capitalization and H share market capitalization of the Company was HK\$16,771 million and HK\$3,005 million, respectively (calculated based on the closing price as at 30 June 2016).

MANAGEMENT DISCUSSION AND ANALYSIS

7. Interest Rate and Exchange Rates Risks

As at 30 June 2016, cash at bank and on hand, receivables, payables and bank borrowings of RMB2,793 million, RMB2,324 million, RMB6,236 million and RMB176 million are subjected to floating rates, respectively. The Group has assessed the interest rate risk and anticipated that interest rate risk will have no material impact on the results and financial position of the Group.

As the Group's business activities are mainly conducted in the PRC and settled in RMB, fluctuation in exchange rates do not have a material impact on the Group.

The Group will continue to closely monitor interest rate and exchange rates risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rates risks for the six months ended 30 June 2016.

8. Financial Indicators

Indicators	For the six months ended 30 June		
	2016	2015	Change
Return on total assets	3.7%	4.0%	-0.3 percentage point
Return on equity	9.0%	8.9%	0.1 percentage point
Current ratio	1.12	1.16	-0.04
Quick ratio	1.08	1.13	-0.05
Account receivables turnover	3.25	2.55	0.70
Account receivables turnover days	56 days	71 days	-15 days

For six months ended 30 June 2016, return on total assets of the Group was 3.7%, representing a decrease of 0.3 percentage point over the same period of last year, mainly due to issue of corporate bonds of RMB3,500 million, leading the growth rate of total assets exceeded the growth rate of net profit. Return on equity of the Group was 9.0%, representing an increase of 0.1 percentage point over the same period of last year. The account receivables turnover ratio of the Group was 3.25, representing an increase of 0.70 over the same period of last year, and the account receivables turnover days was 56 days, representing a decrease of 15 days over the same period of last year, mainly due to we enhanced to monitor and collect the account receivables to ensure the total amount of account receivables within control under the situation of growth in revenues.

MANAGEMENT DISCUSSION AND ANALYSIS

Summarized Financial Information of Joint Ventures

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

Unit: RMB'000

	QQCT		Qingdao Shihua	
	For the six months		For the six months	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Revenue	1,596,121	1,534,829	499,956	414,533
Cost of sales	(500,731)	(504,538)	(201,149)	(153,168)
Total profit	1,088,747	968,288	273,002	240,290
Income tax expenses	(258,888)	(245,558)	(68,335)	(59,608)
Net profit	829,860	722,730	204,667	180,682
Attributable to non-controlling interests	(8,888)	3,925	—	—
Net profit attributable to shareholders of joint ventures	820,972	726,655	204,667	180,682
Equity interest held by the Group	31%	31%	50%	50%
Share of post-tax profit by the Group before elimination	254,501	225,263	102,333	90,341
Unrealised profit	—	—	(1,010)	(1,424)
Other adjustment	(296)	(386)	—	—
Share of post-tax profit by the Group	254,205	224,877	101,323	88,917

The Influence of Qingdao Finance to the Consolidated Statements of the Group

To facilitate the understanding of shareholders and investors, set out below is a brief summary of the influence on the consolidated balance sheet and consolidated income statement of the Group caused by the deposit and credit granting business of Qingdao Finance.

Unit: RMB'000

	30 June	31 December
Consolidated balance sheet	2016	2015
Cash at bank and on hand	4,514,397	4,986,899
Interests receivable	20,793	11,389
Other receivables	285,925	241,127
Current portion of non-current assets	44,400	26,972
Long-term receivables	1,815,862	1,481,175
Other payables	6,388,043	6,274,574
Interests payable	10,251	6,430
General reserve	77,670	77,670

MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB'000

Consolidated income statement	For the six months ended 30 June	
	2016	2015
Finance expenses – interest income	137,237	139,424
Finance expenses – interest expenses	(20,759)	(14,802)

III. SIGNIFICANT CAPITAL INVESTMENT

For the six months ended 30 June 2016, the Group had significant capital investment of RMB1,106 million (including a payment of RMB180 million due to purchasing the tugboat assets group from Qingdao Port Investment Shipping Co., Ltd, one of the subsidiaries of Qingdao Port Investment and Construction (Group) Co., Ltd), mainly attributable to the terminal projects of Dongjiakou Port Area, oil tanks projects in Dongjiakou Port Area, pipeline project from Dongjiakou to the middle and northern areas of Shandong province and other projects and equipment investment.

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

For the six months ended 30 June 2016, there is no significant acquisition and disposal relating to subsidiaries, joint ventures and associates of the Group.

V. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2016, none of the Group's assets were mortgaged or pledged.

VI. CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities.

VII. EMPLOYEES

As at 30 June 2016, the Company had 6,839 employees and its subsidiaries and principal joint ventures had 5,703 employees. The Group implements a “two match” policy to match the growth of employees' income with the growth of the Company's results and match the increase in labor remuneration with the increase in production rate so as to link the remunerations of employees with the results of the Company. Employees' remunerations are adjusted annually in accordance with working performance of the employees, human resources market condition and the economic environment. We implement a basic salary and a performance-based salary system for our senior management of the Company. In addition, to actively establish a learning enterprise and cultivate employees with active learning, the Company offers internal trainings on safety and security, business operations and technical skills to the employees for their self-improvement of skills related to their positions.

MANAGEMENT DISCUSSION AND ANALYSIS

VIII. DESCRIPTION OF OTHER MATTERS

Dagang Port Area is planned to be transformed and upgraded into a home port for cruise liners, therefore, the operations at Dagang Port Area will gradually be relocated to Dongjiakou Port Area and Qianwan Port Area. As at 30 June 2016, the construction of the international home port for cruise liners had no effect on the operation of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2016, the Group has not received any relocation plan or related notice, and not obtained any information that surrounding clients and businesses be relocated to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area was not affected.

IX. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 30 June 2016.

X. OUTLOOK FOR THE SECOND HALF OF 2016

In the second half of 2016, the Group will actively respond to the external situation of economic growth slowdown and comparative downward pressure, adhere to the innovation-driven philosophy, complete port functions by strengthening traditional advantages and developing new businesses, expand space for diversified profit, and speed up in developing into a whole-process logistics service provider and an organizer of the logistics supply chain, to maintain a healthy and sustainable development. As such, the Group will put emphasis on the following six aspects:

1. To creatively develop stevedoring operations as main business

For the container business, we will further implement the headquarters' strategy and optimize brands to attract shipping companies to add international shipping lines and expand feeder-line network in Qingdao port to increase international transshipment businesses and maintain the first place in the quantity and density of shipping lines among other ports in Northern China.

For the dry bulk and break bulk business, we will further intensify our strategic cooperation with major miners, major traders and major steel mills and enhance bonded businesses, blending, processing, distribution, and futures delivery businesses to speed up the building of ore distribution center in Northeast Asia.

For the liquid bulk business, we will break through the bottleneck in capacities and improve the storage capacity and pipeline transportation capacity to meet the import demand of local refineries in Shandong province. We will put the newly-built oil tanks of 2.46 million cubic meters in Dongjiakou Port Area into trial operation and target to complete the construction of oil pipelines from Dongjiakou to Weifang and put them into use by the end of this year.

MANAGEMENT DISCUSSION AND ANALYSIS

2. To expand and strengthen comprehensive logistics services

We will continue to strengthen the agency and CFS business, by taking freight forwarding as a leading business, and pushing forward a multi-link and collaborative operation of shipping agency, booking shipping space, terminals, CFS, storage, transportation and distribution, in order to create overall advantage, lower clients' cost and expand the market share.

We will promote the application of dispatching platform in the long-haul, make full use of about 16,000 trucks and 350 distribution stations being registered on the platform to cover the majority of long-distance transportation hubs related to the Port of Qingdao. We will further optimize truck-cargo matching and provide consolidated dispatching services for cargo sources, flow directions and trucks to extend the road transportation profit chain.

3. To steadily expand the financial sector

We will enhance capital operation ability with the full license layout of Qingdao Finance. We will consummate the centralized operation functions of the bill pool and intensify the use of bill financing tools to lift working capital gains, promote the development of spot foreign exchange transaction, buyers' credit business and financial product investment business, and further expand the development space of Qingdao Finance.

We will accelerate industry-finance integration and build up a platform to share the service of industrial finance, innovate new mode of pledge supervision to enhance the integration of finance and trading, so as to strengthen financing support to downstream industries and promote the development of our main businesses. We will actively develop the new projects, such as financial leasing, asset management, industry fund, to enhance our service functions, and improve our profitability.

4. To accelerate the construction of intelligent port

We have been implementing the automatic container port project and will strive to meet the trial operation conditions by the end of this year.

We will step up the construction of logistics e-commerce ecosystem. We will speed up the upgrading of business and production management system and the construction of a logistics e-commerce network service system, in order to realize more online port service business and unmanned and intelligent upgrading in tallying and storage management.

Speed up the construction of the cooperative office system, upgrade the OA system, expand the professional office platform, promote the mobile internet and online approval system to improve the intelligence management level of the port.

MANAGEMENT DISCUSSION AND ANALYSIS

5. To step up the implementation of global layout

We will promote the strategic cooperation with large domestic and overseas shipping companies, international terminal operators and policy banks to benefit from complementary advantages, and prudently carry forward cooperative projects on port terminals and logistics parks in Africa and Southeast Asia.

6. To continuously improve corporate management

We will strengthen cost and comprehensive budget management based on key performance index analysis to improve operation process, and improve the efficiency and the profit.

We will intensify risk control in all port operation processes, improve risk control mechanism, and strengthen our risk management in a multi-layered and wide-ranging way.

We will lay emphasis on human resources reform with the orientation of management organization flattening and resource allocation intensification, optimize staff allocation, integrate organizations and positions, boost outsourcing transformation, improve incentive mechanism, and tap the potential of human resources.

I. CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2016.

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

The Company has adopted the Model Code of Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors and supervisors of the Company. Specific enquiry has been made to all the Directors and supervisors of the Company and each of the Directors and supervisors of the Company has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2016.

III. DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or supervisors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors and supervisors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the year ended 30 June 2016.

IV. CHANGES IN DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INFORMATION

Mr. SUN Yafei, non-executive Director, has reached the retirement age and has retired as a non-executive Director and a member of the Strategy and Development Committee and the Audit Committee of the Board on 6 June 2016. The Company has appointed Mr. ZHANG Qingcai as a non-executive Director and a member of the Strategy and Development Committee and the Audit Committee of the Board at the annual general meeting of the Company held on 6 June 2016. For further details, please refer to the announcement of the Company dated 6 June 2016.

Save as disclosed herein, there had been no changes to the Directors', supervisors' and chief executive's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the period from 1 January 2016 to 30 June 2016.

V. REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results and interim report of the Company for the six months ended 30 June 2016.

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES BY THE COMPANY

No purchase, sale and redemption of any listed securities of the Company were made by the Company or any of its subsidiaries for the six months ended 30 June 2016.

OTHER INFORMATION

VII. USE OF PROCEEDS FROM THE LISTING

The Company raised the net proceeds amounted to approximately RMB2,198 million. As at 30 June 2016, we invested RMB1,514 million of the proceeds from the Global Offering in the projects as disclosed in Prospectus and used RMB270 million to fund our working capital in the way exactly as disclosed in the Prospectus.

VIII. DIVIDENDS

The Board did not recommend the payment of any dividend for the six months ended 30 June 2016.

IX. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

So far as the directors are aware, as at 30 June 2016, none of the directors, supervisors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

X. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2016, so far as the directors are aware, the following persons (other than the directors, supervisors and chief executive of the Company) will be taken or deemed to have interests and/or short positions in the shares or underlying shares of the Company which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name	Class of Shares	Capacity/Nature of interest	Number of shares held ⁽¹⁾	Approximate percentage of shareholding in the registered capital of the Company %	Approximate percentage of shareholding in the total number of issued domestic shares of the Company %	Approximate percentage of shareholding in the total number of issued H shares of the Company %
QDP	Domestic shares	Beneficial owner ⁽²⁾	3,522,179,000 (L)	73.71%	89.80%	—
Value Partners Group Limited	H shares	Interest in a controlled corporation ⁽³⁾	110,986,000 (L)	2.32%	—	12.96%
Value Partners High-Dividend Stocks Fund	H shares	Beneficial owner ⁽⁴⁾	77,225,000 (L)	1.62%	—	9.02%

Notes:

- (1) The letter “L” denotes long position in such securities.
- (2) QDP is wholly owned by the State-owned Assets Supervision and Administration Commission of Qingdao. The Company was informed that as at 30 June 2016, QDP held 5,890,000 H shares of the Company, representing approximately 0.69% of the total number of issued H shares of the Company. According to the SFO, the shareholders of the Company only need to submit the disclosure of interests form when certain conditions are reached. As at the date of holding the H shares of the Company by QDP and as at the date of this report, the Company had sufficient public float and the issued shares of the Company held by the public is no less than 16.62%, and is therefore in compliance with the Listing Rules.
- (3) Such shares of the Company are directly held by Value Partners Limited, which is wholly owned by Value Partners Hong Kong Limited; and Value Partners Hong Kong Limited is wholly owned by Value Partners Group Limited.
- (4) Such shares of the Company are directly held by Value Partners High-Dividend Stocks Fund, as a controlled corporation of BNP Paribas Jersey Trust Corporation Limited as trustee of The C H Cheah Family Trust.

Save as disclosed above, as at 30 June 2016, none of the persons had interest or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company.

XI. CHANGE OF ACCOUNTING STANDARD OF THE INTERNATIONAL FINANCIAL STATEMENTS OF THE COMPANY

In accordance with the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Hong Kong Stock Exchange in December 2010, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using Mainland accounting standards, and Mainland audit firms approved by the Ministry of Finance of the PRC and the China Securities Regulatory Commission are allowed to serve these issuers using Mainland auditing standards. In order to improve efficiency and to reduce the cost of disclosure and audit expenses, the Board resolved to change the accounting standard of the international financial statements of the Company from the International Financial Reporting Standards to the China Accounting Standards for Business Enterprises. For details, please refer to the announcement of the Company dated 18 May 2016. Starting from 2016, the financial statements of the Company have been prepared in accordance with China Accounting Standards for Business Enterprises and the relevant regulations.

CONSOLIDATED BALANCE SHEET

As at 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2016	31 December 2015 (Restated)
Current assets			
Cash at bank and on hand	6(1)	8,653,482,836	7,558,190,196
Financial assets at fair value through profit or loss	6(2)	—	200,000,000
Notes receivable	6(3)	881,324,696	725,738,882
Accounts receivable	6(4) (a)	1,283,121,169	1,256,619,043
Advances to suppliers	6(5)	98,321,718	48,105,441
Interests receivable		22,742,090	11,528,345
Other receivables	6(4) (b)	813,540,383	872,117,750
Inventories	6(6)	446,897,077	348,118,612
Current portion of non-current assets	6(9), (15)	91,120,779	60,265,805
Other current assets	6(7)	1,068,207,925	65,250,902
Total current assets		13,358,758,673	11,145,934,976
Non-current assets			
Available-for-sale financial assets	6(8)	72,207,877	72,207,877
Long-term receivables	6(9)	3,718,331,619	1,679,671,476
Long-term equity investments	6(10)	4,757,798,612	4,698,039,931
Investment properties	6(11)	110,923,349	119,766,471
Fixed assets	6(12)	8,669,061,472	8,479,170,853
Construction in progress	6(13)	3,955,453,971	3,490,375,757
Intangible assets	6(14)	888,011,391	856,189,232
Goodwill		18,836,008	18,836,008
Long-term prepaid expenses		16,346,217	13,862,067
Deferred tax assets	6(30)	871,373,169	857,289,777
Other non-current assets	6(15)	316,913,916	250,489,007
Total non-current assets		23,395,257,601	20,535,898,456
TOTAL ASSETS		36,754,016,274	31,681,833,432

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND EQUITY	Note	30 June 2016	31 December 2015 (Restated)
Current liabilities			
Short-term borrowings	6(17)	251,881,980	309,384,939
Notes payable	6(18)	443,368,517	402,427,264
Accounts payable	6(19)	1,516,167,281	1,339,560,176
Advances from customers		329,591,693	307,945,225
Employee benefits payable	6(20)	206,638,831	212,483,668
Taxes payable	6(21)	147,826,237	93,181,844
Interests payable	6(22)	27,634,635	7,466,857
Dividends payable	6(35)	664,552,612	—
Other payables	6(23)	8,333,964,193	8,241,743,938
Current portion of non-current liabilities	6(24)	23,840,000	22,190,000
Total current liabilities		11,945,465,979	10,936,383,911
Non-current liabilities			
Long-term borrowings	6(24)	151,720,687	160,720,687
Bonds payable	6(25)	3,500,000,000	—
Long-term payables	6(27)	546,260,979	545,083,235
Provisions		1,810,869	1,957,930
Deferred income	6(28)	150,631,125	151,541,496
Long-term employee benefits payable	6(26)	2,774,130,000	2,846,430,000
Other non-current liabilities	6(29)	3,388,637,412	3,491,821,128
Total non-current liabilities		10,513,191,072	7,197,554,476
Total liabilities		22,458,657,051	18,133,938,387

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND EQUITY	Note	30 June 2016	31 December 2015 (Restated)
Equity			
Share capital		4,778,204,000	4,778,204,000
Capital surplus	6(31)	5,319,869,259	5,510,182,348
Other comprehensive income	6(32)	(202,226,400)	(301,159,600)
Specific reserve		3,110,934	2,897,083
Surplus reserve	6(33)	287,004,088	287,004,088
General reserve	6(34)	77,670,166	77,670,166
Undistributed profits	6(35)	2,845,431,561	2,309,642,411
Total equity attributable to shareholders of the Company		13,109,063,608	12,664,440,496
Non-controlling interests		1,186,295,615	883,454,549
Total equity		14,295,359,223	13,547,895,045
TOTAL LIABILITIES AND EQUITY		36,754,016,274	31,681,833,432

The accompanying notes form an integral part of these financial statements.

COMPANY BALANCE SHEET

As at 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2016	31 December 2015
Current assets			
Cash at bank and on hand	16(1)	2,534,284,328	1,461,647,671
Financial assets at fair value through profit or loss	6(2)	—	200,000,000
Notes receivable	16(2)	672,777,514	629,308,388
Accounts receivable	16(3) (a)	647,610,397	786,016,840
Advances to suppliers	16(4)	42,839,303	10,502,192
Interests receivable		2,976,548	578,331
Other receivables	16(3) (b)	1,078,427,060	664,629,708
Inventories	16(5)	376,693,098	160,012,874
Current portion of non-current assets		12,720,571	11,294,229
Other current assets	16(6)	899,292,332	21,846,332
Total current assets		6,267,621,151	3,945,836,565
Non-current assets			
Available-for-sale financial assets		71,421,487	71,421,487
Long-term receivables	16(7)	2,155,000,000	160,000,000
Long-term equity investments	16(8)	8,590,169,732	7,713,789,750
Investment properties	16(9)	447,829,100	315,426,405
Fixed assets	16(10)	8,292,431,291	8,222,001,208
Construction in progress	16(11)	1,489,616,973	2,497,769,604
Intangible assets	16(12)	2,492,702,887	2,623,258,528
Long-term prepaid expenses		10,406,247	11,706,720
Deferred tax assets	16(21)	76,426,665	60,188,095
Other non-current assets	16(13)	202,271,570	305,420,991
Total non-current assets		23,828,275,952	21,980,982,788
TOTAL ASSETS		30,095,897,103	25,926,819,353

COMPANY BALANCE SHEET (CONTINUED)

As at 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND EQUITY	Note	30 June 2016	31 December 2015
Current liabilities			
Short-term borrowings	16(15)	243,939,480	309,384,939
Notes payable	16(16)	290,000,318	296,344,994
Accounts payable		727,416,763	943,747,139
Advances from customers		339,300,759	248,484,405
Employee benefits payable	16(17)	178,384,067	188,292,591
Taxes payable	16(18)	49,089,252	29,801,266
Interests payable		16,219,106	—
Dividends payable	16(23)	664,552,612	—
Other payables	16(19)	1,464,868,731	1,421,360,856
Total current liabilities		3,973,771,088	3,437,416,190
Non-current liabilities			
Bonds payable		3,500,000,000	—
Long-term payables	6(27)	546,260,979	545,083,235
Provisions		1,810,869	1,957,930
Deferred income	6(28)	143,104,808	143,104,808
Long-term employee benefits payable	16(20)	2,592,290,000	2,656,210,000
Other non-current liabilities		3,388,235,559	3,491,821,128
Total non-current liabilities		10,171,702,215	6,838,177,101
Total liabilities		14,145,473,303	10,275,593,291
Equity			
Share capital		4,778,204,000	4,778,204,000
Capital surplus	16(22)	9,248,666,934	9,240,964,135
Other comprehensive income	16(32)	(199,510,000)	(291,780,000)
Surplus reserve	6(33)	287,004,088	287,004,088
Undistributed profits	16(23)	1,836,058,778	1,636,833,839
Total equity		15,950,423,800	15,651,226,062
TOTAL LIABILITIES AND EQUITY		30,095,897,103	25,926,819,353

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Six months ended 30 June 2016	Six months ended 30 June 2015 (Restated)
Revenue	6(36)	4,121,919,021	3,563,927,852
Less: Cost of sales	6(36), (39)	(2,742,607,146)	(2,454,984,792)
Taxes and surcharges	6(37)	(41,167,136)	(37,172,822)
Selling and distribution expenses	6(39)	(7,926,483)	(9,030,091)
General and administrative expenses	6(39)	(270,810,435)	(241,500,919)
Finance expenses - net	6(38)	56,201,134	67,582,882
Asset impairment losses	6(40)	(18,890,277)	(13,744,987)
Add: Investment income	6(41)	398,802,833	503,820,240
Including: Share of post-tax profit of an associate and joint ventures		398,626,852	350,634,449
Operating profit		1,495,521,511	1,378,897,363
Add: Non-operating income	6(42) (a)	59,204,143	24,680,661
Including: Gains on disposal of non-current assets		38,719,286	8,135,177
Less: Non-operating expenses	6(42) (b)	(148,781)	(3,000,983)
Including: Losses on disposal of non-current assets		(105,179)	(2,790,481)
Total profit		1,554,576,873	1,400,577,041
Less: Income tax expenses	6(43)	(301,756,199)	(275,079,847)
Net profit		1,252,820,674	1,125,497,194
Including: Net profit of the acquired entity in a business combination involving enterprises under common control before the combination date		862,154	3,484,735
Attributable to shareholders of the Company		1,200,341,762	1,087,216,874
Attributable to non-controlling interests		52,478,912	38,280,320
Other comprehensive income, net of tax	6(32)	99,090,000	(68,920,000)
Items which will not be reclassified subsequently to profit or loss			
Changes in the re-measurement of defined benefit plan		99,090,000	(68,920,000)
Total comprehensive income		1,351,910,674	1,056,577,194
Attributable to equity holders of the Company		1,299,274,962	1,018,407,274
Attributable to non-controlling interests		52,635,712	38,169,920
Earnings per share			
Basic earnings per share	6(44) (a)	0.25	0.23
Diluted earnings per share	6(44) (b)	0.25	0.23

The accompanying notes form an integral part of these financial statements.

COMPANY INCOME STATEMENT

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Six months ended 30 June 2016	Six months ended 30 June 2015
Revenue	16(24)	2,508,258,772	2,757,723,487
Less: Cost of sales	16(24), (27)	(1,735,833,753)	(2,006,324,188)
Taxes and surcharges	16(25)	(21,489,656)	(22,837,546)
Selling and distribution expenses	16(27)	(7,517,860)	(8,943,016)
General and administrative expenses	16(27)	(213,564,164)	(213,098,904)
Finance expenses - net	16(26)	(30,628,844)	(36,048,143)
Asset impairment losses	16(28)	(9,311,331)	(10,502,683)
Add: Investment income	16(29)	500,602,119	550,582,867
Including: Share of post-tax profit of an associate and joint ventures		389,128,509	343,994,002
Operating profit		990,515,283	1,010,551,874
Add: Non-operating income	16(30) (a)	14,039,630	12,265,141
Including: Gains on disposal of non-current assets		91,233	608,600
Less: Non-operating expenses	16(30) (b)	(86,753)	(1,570,366)
Including: Losses on disposal of non-current assets		(81,310)	(1,360,366)
Total profit		1,004,468,160	1,021,246,649
Less: Income tax expenses	16(31)	(140,690,609)	(154,397,774)
Net profit		863,777,551	866,848,875
Other comprehensive income, net of tax	16(32)	92,270,000	(68,206,323)
Items which will not be reclassified subsequently to profit or loss			
Changes in the re-measurement of defined benefit plan		92,270,000	(68,206,323)
Total comprehensive income		956,047,551	798,642,552

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Six months ended 30 June 2016	Six months ended 30 June 2015 (Restated)
Cash flows from operating activities			
Cash received from sales of goods or rendering of services		2,759,226,852	2,702,923,115
Cash received relating to other operating activities	6(45) (f)	192,752,348	93,826,474
Sub-total of cash inflows		2,951,979,200	2,796,749,589
Cash paid for goods and services		(1,180,407,081)	(768,355,295)
Cash paid to and on behalf of employees		(861,788,386)	(907,985,829)
Payments of taxes and surcharges		(406,600,602)	(404,523,654)
Cash paid relating to other operating activities	6(45) (g)	(172,892,122)	(85,149,118)
Sub-total of cash outflows		(2,621,688,191)	(2,166,013,896)
Net cash flows from operating activities	6(45) (a)	330,291,009	630,735,693
Cash flows from investing activities			
Cash received from disposal of investments		822,500,000	321,040,000
Cash received from returns on investments		484,007,834	612,784,016
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		40,919,785	17,841,969
Cash received relating to other investing activities	6(45) (h)	578,787,792	1,394,545,335
Sub-total of cash inflows		1,926,215,411	2,346,211,320
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,272,766,445)	(678,945,238)
Cash paid to acquire investments		(1,515,000,000)	(991,500,000)
Net cash paid to acquire a subsidiary		—	(15,312,000)
Cash paid relating to other investing activities	6(45) (i)	(3,317,124,000)	(406,982,572)
Sub-total of cash outflows		(6,104,890,445)	(2,092,739,810)
Net cash flows from investing activities		(4,178,675,034)	253,471,510

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Six months ended 30 June 2016	Six months ended 30 June 2015 (Restated)
Cash flows from financing activities			
Cash received from capital contributions		274,351,304	20,000,000
Including: Cash received by subsidiaries from capital contributions by minority shareholders		274,351,304	20,000,000
Cash received from borrowings		336,298,289	135,000,000
Cash received from issuing bonds		3,500,000,000	—
Cash received relating to other financing activities	6(45) (j)	113,468,893	514,876,762
Sub-total of cash inflows		4,224,118,486	669,876,762
Cash repayments of borrowings		(7,350,000)	(3,456,452)
Cash payments for interest expenses and distribution of dividends or profits		(70,456,264)	(43,005,188)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		(24,313,063)	(19,181,234)
Cash payments relating to other financing activities	6(45) (k)	—	(1,655,364,117)
Sub-total of cash outflows		(77,806,264)	(1,701,825,757)
Net cash flows from financing activities		4,146,312,222	(1,031,948,995)
Exchange effect on cash		138,463	(66,404)
Net increase/(decrease) in cash	6(45) (d)	298,066,660	(147,808,196)
Add: Cash at beginning of period		4,762,467,699	4,534,821,831
Cash at end of period	6(45) (e)	5,060,534,359	4,387,013,635

The accompanying notes form an integral part of these financial statements.

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flows from operating activities			
Cash received from sales of goods or rendering of services		1,475,669,937	2,064,627,505
Cash received relating to other operating activities	16(33) (f)	<u>96,717,863</u>	<u>100,960,289</u>
Sub-total of cash inflows		<u>1,572,387,800</u>	<u>2,165,587,794</u>
Cash paid for goods and services		(873,517,128)	(566,311,395)
Cash paid to and on behalf of employees		(654,117,967)	(810,620,761)
Payments of taxes and surcharges		(199,705,093)	(289,268,343)
Cash paid relating to other operating activities	16(33) (g)	<u>(101,723,532)</u>	<u>(45,170,315)</u>
Sub-total of cash outflows		<u>(1,829,063,720)</u>	<u>(1,711,370,814)</u>
Net cash flows from operating activities	16(33) (a)	<u>(256,675,920)</u>	<u>454,216,980</u>
Cash flows from investing activities			
Cash received from disposal of investments		822,500,000	1,040,000
Cash received from returns on investments		474,393,177	561,636,439
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		364,519,357	334,510,018
Cash received relating to other investing activities	16(33) (h)	<u>498,938,819</u>	<u>1,262,629,475</u>
Sub-total of cash inflows		<u>2,160,351,353</u>	<u>2,159,815,932</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(108,261,332)	(660,550,462)
Cash paid to acquire investments		(2,201,945,800)	(1,056,573,202)
Cash paid relating to other investing activities	16(33) (i)	<u>(2,357,704,507)</u>	<u>(124,702,572)</u>
Sub-total of cash outflows		<u>(4,667,911,639)</u>	<u>(1,841,826,236)</u>
Net cash flows from investing activities		<u>(2,507,560,286)</u>	<u>317,989,696</u>

COMPANY CASH FLOW STATEMENT (CONTINUED)

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flows from financing activities			
Cash received from borrowings		328,355,789	130,000,000
Cash received from issuing bonds		3,500,000,000	—
Sub-total of cash inflows		3,828,355,789	130,000,000
Cash payments for interest expenses and distribution of dividends or profits		(22,982,927)	(2,804,288)
Cash payments relating to other financing activities	16(33) (j)	—	(345,891,943)
Sub-total of cash outflows		(22,982,927)	(348,696,231)
Net cash flows from financing activities		3,805,372,862	(218,696,231)
Exchange effect on cash		(79,367)	(16,870)
Net increase in cash	16(33) (d)	1,041,057,289	553,493,575
Add: Cash at beginning of period		1,374,435,149	1,107,926,061
Cash at end of period	16(33) (e)	2,415,492,438	1,661,419,636

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Attributable to shareholders of the Company								Total equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Specific reserve	Non-controlling interests	
Balance at 1 January 2015		4,778,204,000	5,317,013,465	(171,385,200)	138,926,628	33,107,152	1,533,486,237	2,730,806	801,405,361	12,433,488,449
Business combination involving enterprises under common control		—	206,163,872	—	—	—	3,083,315	—	—	209,247,187
Balance at 1 January 2015 (Restated)		4,778,204,000	5,523,177,337	(171,385,200)	138,926,628	33,107,152	1,536,569,552	2,730,806	801,405,361	12,642,735,636
Movement for the six months ended 30 June 2015										
Total comprehensive income										
Net profit		—	—	—	—	—	1,087,216,874	—	38,280,320	1,125,497,194
Other comprehensive income	6(32)	—	—	(68,809,600)	—	—	—	—	(110,400)	(68,920,000)
Total comprehensive income		—	—	(68,809,600)	—	—	1,087,216,874	—	38,169,920	1,056,577,194
Capital contribution and withdrawal by shareholders										
Capital contribution by minority shareholders in subsidiaries		—	—	—	—	—	—	—	20,000,000	20,000,000
Business combination involving enterprises under common control	6(31)	—	(15,312,000)	—	—	—	—	—	—	(15,312,000)
Profit distribution										
Distribution to the shareholders	6(35)	—	—	—	—	—	(946,202,948)	—	(19,181,234)	(965,384,182)
Specific reserve										
Appropriation to safety fund		—	—	—	—	—	—	23,000,524	200,899	23,201,423
Utilisation of safety fund		—	—	—	—	—	—	(22,509,516)	(17,891)	(22,527,407)
Recognised share of changes in other reserves of an associate and joint ventures	6(31)	—	6,048,668	—	—	—	—	—	—	6,048,668
Balance at 30 June 2015 (Restated)		4,778,204,000	5,513,914,005	(240,194,800)	138,926,628	33,107,152	1,677,583,478	3,221,814	840,577,055	12,745,339,332

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Attributable to shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Specific reserve		
Balance at 1 January 2016		4,778,204,000	5,304,018,476	(301,159,600)	287,004,088	77,670,166	2,299,431,405	2,897,083	883,454,549	13,331,520,167
Business combination involving enterprises under common control		—	206,163,872	—	—	—	10,211,006	—	—	216,374,878
Balance at 1 January 2016 (Restated)		4,778,204,000	5,510,182,348	(301,159,600)	287,004,088	77,670,166	2,309,642,411	2,897,083	883,454,549	13,547,895,045
Movement for the six months ended 30 June 2016										
Total comprehensive income										
Net profit		—	—	—	—	—	1,200,341,762	—	52,478,912	1,252,820,674
Other comprehensive income	(6)(32)	—	—	98,933,200	—	—	—	—	156,800	99,090,000
Total comprehensive income	—	—	—	98,933,200	—	—	1,200,341,762	—	52,635,712	1,351,910,674
Capital contribution and withdrawal by shareholders										
Capital contribution by minority shareholders in subsidiaries		—	—	—	—	—	—	—	274,351,304	274,351,304
Business combination involving enterprises under common control	(6)(31)	—	(198,015,888)	—	—	—	—	—	—	(198,015,888)
Profit distribution										
Distribution to the shareholders	(6)(35)	—	—	—	—	—	(664,552,612)	—	(24,313,063)	(688,865,675)
Specific reserve										
Appropriation to safety fund		—	—	—	—	—	—	23,509,573	246,035	23,755,608
Utilisation of safety fund		—	—	—	—	—	—	(23,295,722)	(78,922)	(23,374,644)
Recognised share of changes in other reserves of an associate and joint ventures	(6)(31)	—	7,702,799	—	—	—	—	—	—	7,702,799
Balance at 30 June 2016		4,778,204,000	5,319,869,259	(202,226,400)	287,004,088	77,670,166	2,845,431,561	3,110,934	1,186,295,615	14,295,359,223

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Specific reserve	Total equity
Balance at 1 January 2015		4,778,204,000	9,238,647,124	(167,830,000)	138,926,628	1,250,339,651	—	15,238,287,403
Movement for the six months ended 30 June 2015								
Total comprehensive income								
Net profit		—	—	—	—	866,848,875	—	866,848,875
Other comprehensive income	16(32)	—	—	(68,206,323)	—	—	—	(68,206,323)
Total comprehensive income		—	—	(68,206,323)	—	866,848,875	—	798,642,552
Profit distribution								
Profit distribution to the shareholders	16(23)	—	—	—	—	(946,202,948)	—	(946,202,948)
Specific reserve								
Appropriation to safety fund		—	—	—	—	—	22,469,720	22,469,720
Utilisation of safety fund		—	—	—	—	—	(22,469,720)	(22,469,720)
Recognised share of changes in other reserves of an associate and joint ventures	16(22)	—	6,048,668	—	—	—	—	6,048,668
Balance at 30 June 2015		4,778,204,000	9,244,695,792	(236,036,323)	138,926,628	1,170,985,578	—	15,096,775,675

Item	Note	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Specific reserve	Total equity
Balance at 1 January 2016		4,778,204,000	9,240,964,135	(291,780,000)	287,004,088	1,636,833,839	—	15,651,226,062
Movement for the six months ended 30 June 2016								
Total comprehensive income								
Net profit		—	—	—	—	863,777,551	—	863,777,551
Other comprehensive income	16(32)	—	—	92,270,000	—	—	—	92,270,000
Total comprehensive income		—	—	92,270,000	—	863,777,551	—	956,047,551
Profit distribution								
Profit distribution to the shareholders	16(23)	—	—	—	—	(664,552,612)	—	(664,552,612)
Specific reserve								
Appropriation to safety fund		—	—	—	—	—	23,150,318	23,150,318
Utilisation of safety fund		—	—	—	—	—	(23,150,318)	(23,150,318)
Recognised share of other changes in equity of an associate and joint ventures	16(22)	—	7,702,799	—	—	—	—	7,702,799
Balance at 30 June 2016		4,778,204,000	9,248,666,934	(199,510,000)	287,004,088	1,836,058,778	—	15,950,423,800

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION

Qingdao Port International Co., Ltd. (“the Company”) is a stock limited company incorporated in Qingdao City of Shandong Province of the People’s Republic of China (“the PRC”) on 15 November 2013 (the Company’s “Date of Incorporation”) by Qingdao Port (Group) Co., Ltd. (“Qingdao Port Group”) (“the Leading Promoter”) together with “Other Promoters” including Shenzhen Malai Storage Co., Ltd., Qingdao Ocean Shipping Co., Ltd., China Shipping Terminal Development Co., Ltd., Everbright (Qingdao) Financial Leasing Co., Ltd. and Qingdao International Investment Co., Ltd., with its registered address at 7 Ganghua Road, Shibei District, Qingdao and legal representative being Zheng Minghui. The parent company and the ultimate parent company of the Company are Qingdao Port Group. The total share capital of the Company at incorporation is 4,000,000,000 shares (par value at RMB1). Qingdao Port Group and Other Promoters shareholding is 90.0%, 2.8%, 2.4%, 2.4%, 1.2% and 1.2%.

The Company issued 705,800,000 foreign-listed H-shares overseas at its initial public offering at 6 June 2014 according to the “Official Reply on Approval of Overseas Issuance of Foreign Shares by Qingdao Port International Co., Ltd. (No. 434 Paper of China Securities Regulatory Commission)”. The offering price per share is HKD3.76 (equivalent to RMB2.98); and the share capital increased to RMB4,705,800,000 after the initial public offering.

The Company exercised over-allotment option on 2 July 2014 and increased issuance of 72,404,000 foreign-listed H shares overseas. The issuance price per share is HKD3.76 (equivalent to RMB2.99), and the share capital increased to RMB4,778,204,000 after the exercising of over-allotment option.

Moreover, 77,820,400 state-owned shares held by Qingdao Port Group (equivalent to 10% of issued H shares) are converted to H shares and transferred to the National Council for Social Security Fund of the PRC (“Social Security Fund”) as a portion of shares in the IPO and over-allotment for sale.

As at 30 June 2016, the total share capital of the Company is 4,778,204,000 shares with par value at RMB1, including 3,922,179,600 domestic shares and 856,024,400 H shares, accounting for 82.1% and 17.9% respectively of the total share capital. As at 30 June 2016, Qingdao Port Group holds 73.84% shares of the Company.

The scope of business of the Company and its subsidiaries (collectively “the Group”) includes port and port-related services such as stevedoring, stacking, storage and cargo transportation of containers, metal ores, coal, crude oil, grains, dry bulk and general cargo, financing service business, and port supporting business like port machinery manufacture, building and construction, tugboat and barging, and ocean shipping tallying.

These financial statements have been approved for issue by the Company’s Board of Directors on 19 August 2016.

The interim financial statements are unaudited.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

2 BASIS OF PREPARATION

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CAS”).

The financial statements are prepared on a going concern basis.

The New Hong Kong Companies Ordinance took effect from 2015 and certain disclosures in the financial statements have been adjusted in accordance with requirements therein.

(1) Preparation basis of consolidated financial statements

Prior to the establishment of the Company, Qingdao Port Group was reorganised under the plan approved by Qingdao State-owned Assets Supervision & Administration Commission and transferred certain business into the Company; therefore, the matter was deemed as business combination involving enterprises under common control. Pursuant to the *Accounting Standards for Business Enterprises*, at preparation of the consolidated financial statements of the Group, the assets and liabilities contributed by Qingdao Port Group at the incorporation date of the Company remain presented at their original carrying amounts rather than at the appraisal values approved by the competent state-owned assets management authorities in the reorganisation. The difference between the appraisal values and the carrying amounts is charged against the shareholders' equity in the consolidated financial statements.

On the other hand, certain subsidiaries of the Company appraised their assets and liabilities in the process of transformation from state-owned enterprises into limited liability companies. In the light of *Interpretation No.1 to the Accounting Standards for Business Enterprises*, the assets and liabilities of such reorganised companies shall, on the incorporation dates, be consolidated into the consolidated financial statements of the Group based on the appraisal values approved by the competent state-owned assets management authorities.

In March 2016, The Group acquired the tugboat assets group from Qingdao Port Investment Shipping Co., Ltd. (“QPIS”), a wholly-owned subsidiary of Qingdao Port Investment and Construction (Group) Co., Ltd.. Management treated the tugboat assets group as a business (the “Tugboat Business”). As this business and the group are both controlled by Qingdao Port Group before and after this acquisition, and the control is not temporary, thus this transaction is regarded as business combination involving enterprises under common control. The Tugboat Business is recorded at their predecessor cost in the consolidated financial statements, and is deemed as a consolidating component of the group in prior years. The comparable figures as at 31 December 2015 have been restated accordingly to reflect the financial position of the acquired business (Note 7(1)).

(2) Preparation basis of the Company's financial statements

At preparation of the Company's financial statement, the assets and liabilities of Qingdao Port Group that were contributed into the Company are recognised based on the appraisal values approved by the competent state-owned assets management authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

3 STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company for the six months ended 30 June 2016 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Consolidated and the Company's financial position as of 30 June 2016 and their financial performance, cash flows and other information for the period then ended.

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Refer to Note 4(28) to the financial statements for more details on the Group's key judgement used in applying the significant accounting policies.

(1) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(2) Recording currency

The recording currency is Renminbi (RMB).

(3) Business combination

(a) Business combination involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (capital premium). If the capital surplus (capital premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combination involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(4) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributable to minority interests and total comprehensive incomes attributed to minority interests and presented separately in the consolidated financial statements under shareholders' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction which considers the Group as an accounting entity is different from that considers the Company or its subsidiaries as an accounting entity, it is adjusted from the perspective of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Foreign currency translation

(a) Foreign currency transaction

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(7) Financial instruments

(a) Financial assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term. They are presented as financial assets held for trading on the balance sheet.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that management has the positive intention and ability to hold to maturity. Held-to-maturity investments with maturities over 12 months when the investments were made but are due within 12 months at the balance sheet date are included in the current portion of non-current assets; held-to maturity investments with maturities no more than 12 months when the investments were made are included in other current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(7) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initially recognised amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

Gains or losses arising from change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity are recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(7) Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

Objective evidence indicating impairment of financial assets refers to the matter that actually occurs after the initial recognition of financial assets, it will affect estimated future cash flows of financial assets, and its impact can be reliably measured.

Objective evidence of impairment of available-for-sale financial instruments includes a significant or prolonged decline in the fair value of an investment in equity instruments. The Group separately checks the available-for-sale equity instruments at each balance sheet date. If their fair value at the balance sheet date is lower than their initial investment costs for more than 50% (inclusive) or lower than their initial investment costs for the duration of more than 1 year (inclusive), therefore, the impairment loss has occurred. However, if their fair value at the balance sheet date is lower than their initial investment costs for more than 20% (inclusive) but less than 50%, the Group will take into account other factors, such as price volatility in the judgement of impairment loss. The Group calculates the initial investment cost of available-for-sale equity instruments by using weighted average method.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

When an impairment loss on available-for-sale financial assets measured at fair value occurs, the cumulative losses arising from the decline in fair value that has been recognised directly in equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

When an impairment loss on an available-for-sale financial asset measured at cost occurs, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss for the current period. The previously recognised impairment loss will not be reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(7) Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Derecognition of financial assets

A financial asset is derecognised when any of the below criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings and debentures payable.

Payables, including accounts payable and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability (or a part of a financial liability) is derecognised when all or part of the obligation is extinguished. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. At valuation, the Group uses valuation techniques that are applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. The Group uses unobservable inputs when relevant observable inputs are not available or feasible.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(8) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sales of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

(9) Inventories

(a) Classification

Inventories include commodities under real estate development, amounts due from customers for construction contract, materials and finished goods, spare parts, fuel, low value consumables, and are stated at the lower of cost and net realisable value.

(b) Costing of inventories

Cost of real estate development include construction cost and other direct and indirect development expenses. Cost of real estate development are brought forward to commodity under real estate development at the actual cost when completed. The actual cost shall be utilised when cost of commodities under real estate development is brought forward.

Cost of materials, finished goods, fuel and spare parts is determined using weighted average method when issued while low value consumables are charged to cost in full when issued for use.

Construction contract-in-progress is valued at the accumulative cost of the work done, plus accumulative profit (loss) of construction contract and less progress billings. Cost of construction is accounted for at actual cost, including expenses of direct materials, direct labour, subcontracting, and other direct and indirect expenses for construction. The amount of accumulative cost and confirmed accumulative gross profit (loss) of construction contracts exceeding the progress billing is shown as “amounts due from customers for construction contract” under inventories. The amount that the progress billing exceeding accumulative cost and confirmed accumulative gross profit (loss) of construction contracts is shown as “amounts due to customers for construction contract” under advances from customers.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Inventories (Continued)

(c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

In execution of construction contracts, in the case where the estimated total costs of contract exceed the estimated total revenue, provision for estimated loss of the contract shall be made and expensed for the current period.

(d) The Group adopts the perpetual inventory system.

(10) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control; A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances; An associate is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(10) Long-term equity investments (Continued)

(b) Subsequent measurement and recognition of related profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of the net losses of an investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. The changes of the Group's share of the investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution, are recognised in the Group's capital surplus and the carrying amounts of the long-term equity investment are adjusted accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment gain or losses are recognised. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

(c) Basis for determining existence of control, jointly control or significant influence over investees

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 4(17)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Land use rights are amortised on the straight-line basis over their approved use period of 35 - 50 years. Buildings are depreciated to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation rates of buildings are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	30 years	4%	3.2%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer. When transferred, carrying amount before transfer shall be recorded as cost after transfer.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of an investment property is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 4(17)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, terminal facilities, storage facilities, loading equipment, machinery and equipment, vessels, transportation equipment, communication facilities, office equipment and other equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. The fixed assets contributed by the State shareholders at the reorganisation of the Company into a corporation are recognised based on the evaluated amounts as approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	30 years	4%	3.2%
Terminal facilities	20 - 45 years	4%	2.1% - 4.8%
Storage facilities	30 - 45 years	4%	2.1% - 3.2%
Loading equipment	10 years	4%	9.6%
Machinery and equipment	5 - 18 years	4%	5.3% - 19.2%
Vessels	18 years	5%	5.3%
Transportation equipment	10 - 12 years	4%	8.0% - 9.6%
Communication facilities	5 - 8 years	4%	12.0% - 19.2%
Office equipment and other equipment	5 - 12 years	4%	8.0% - 19.2%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amount of a fixed asset is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 4(17)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets (Continued)

(d) Basis for identification of fixed assets held under finance leases and related measurement

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge.

Fixed assets held under a finance lease are depreciated on a basis consistent with the depreciation policy adopted for fixed assets that are self-owned. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over the period of expected use; otherwise, the leased asset is depreciated over the shorter period of the lease term and the period of expected use.

(e) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(13) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 4(17)).

(14) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Borrowing costs (Continued)

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

(15) Intangible assets

Intangible assets include land use rights, sea area use rights, computer software, and are measured at cost. The intangible assets contributed by the State shareholders at the reorganisation of the Company into a corporation are recognised based on the appraisal amounts as approved by the state-owned assets administration department.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 35 - 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(b) Sea area use rights

Sea area use rights are initially recorded at their cost on acquisition and amortised on the straight-line basis over their useful lives of 50 years. The net book value of sea area use rights is allocated to land cost when the rights are used for reclamation. The Group will apply for a certificate of land use rights within three months upon completion of reclamation, and will nullify the certificate of sea area use rights.

(c) Computer software

Computer software is initially recorded at its cost on acquisition and amortised on the straight-line basis over its estimated useful life of 5 years.

(d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(e) Impairment of intangible assets

The carrying amount of intangible assets is reduced to its recoverable amount when its recoverable amount is lower than its carrying amount (Note 4(17)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(16) Long-term prepaid expenses

Long-term prepaid expenses include the expenditures for improvements to fixed assets held under operating leases, and other expenditures like site rental that has been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditures net of accumulated amortisation.

(17) Impairment of long-term assets

Fixed assets, construction in progress, investment property, intangible assets with a finite useful life and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. Intangible assets which are not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(18) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. The employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(18) Employee benefits (Continued)

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions, unemployment insurance, corporate annuity and supplemental retirement benefits. The first three items are under defined contribution plans and the last one is under defined benefit plans.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

Corporate annuity

Employees who retire on and subsequent to 1 January 2016 enjoy the corporate annuity plan set up by the Group in accordance with State's corporate annuity regulations apart from basic pensions. The annuity is accrued by the Group in proportion to the payroll and the expenditure is included into profit or loss for the current period or relevant asset cost.

Supplemental retirement benefits

According to "the Minutes of the 29th Executive Meeting of the 15th People's Government of Qingdao City" issued by the General Office of Qingdao Municipal Government on 19 August 2013, the Group, besides the pension plan specified by the State, offers supplemental retirement benefits to employees retired or to be retired prior to 31 December 2015 and the surviving family members involved, which is under defined benefit plans. The supplemental retirement benefits borne by the Group are recognised as liabilities, actuarially evaluated using projected unit credit method, and presented as the present value of expected future cash outflow. Actuarial gains and losses are included in other comprehensive income in the period when incurred, and past service cost is recognised in the period when incurred. The supplemental retirement benefits enjoyed by employees retired by 31 December 2015 and the surviving family members thereof are discounted at the interest rate of government bonds that have terms to maturity approximating to the terms of the related supplemental retirement benefits.

The supplemental retirement benefits expected to be paid within one year since the balance sheet date are classified as current liabilities.

The supplemental retirement benefits borne by the Company for subsidiaries are deemed as investments in subsidiaries and are recorded into long-term equity investments and long-term payables.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(18) Employee benefits (Continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as liabilities and corresponding charge to profit or loss at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment of termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognised in profit or loss in the period when occurred.

The termination benefits expected to be paid within one year since the balance sheet date are classified as current liabilities.

The early retirement benefits borne by the Company for subsidiaries are deemed as investments in subsidiaries and are recorded into long-term equity investments and long-term payables.

(19) Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(20) Provisions

Provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditures required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(21) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

(a) Rendering of services

- (i) Income from services is recognised when they are rendered, which include stevedoring and stacking of goods like metal ores, coal, crude oil, grains, dry bulk and general cargo, containers, port management, logistics and transportation, tugboat and barging, ocean shipping tallying and other services.
- (ii) Income from storage of goods like metal ores, coal, crude oil, grains, dry bulk and general cargo, containers is recognised on the straight-line basis over the service period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(21) Revenue recognition (Continued)

(b) Construction contracts

If the outcome of a construction contract can be estimated reliably, contract revenue and cost should be recognised by reference to the percentage of completion method at the balance sheet date. The term “the outcome of a construction contract can be estimated reliably” refers to the fact where the total income of the contract can be estimated reliably, the economic benefits associated with the contract will flow to the Group, the actual contract cost can be differentiated apparently and measured reliably, and the progress of completion and the cost necessary to complete the contract can be determined reliably.

The stage of completion is measured by the proportion of contract costs actually incurred to the estimated total contract costs, based on the nature of construction. For a construction contract completed in the current period, the total contract revenue multiplied by progress of completion less the accumulated revenue recognised in previous year should be recognised as the revenue for the current period; meanwhile, the actual accumulated contract costs less accumulated costs recognised in the previous year are recognised as the costs for the current period.

When the outcome of a construction contract cannot be estimated reliably, if contract costs can be recovered, contract revenue shall be recognised only to the extent that the contract costs incurred are expected to be recovered, with the contract costs recognised as expenses in the period in which they are incurred. When contract costs cannot be recovered, these costs shall be recognised as expenses promptly when incurred and no contract revenue may be recognised.

In the case where the estimated total costs of contract exceed the estimated total revenue, the estimated losses of the contract shall be included into profit or loss for the current period.

(c) Sales of goods

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Group and the relevant revenue and costs can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including relocation compensation, refund of taxes, financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are grants that are acquired by an enterprise and used for construction or forming long-term assets in other ways. Government grants related to income refers to government grants other than those related to assets.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

(23) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(23) Deferred tax assets and deferred tax liabilities (Continued)

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(24) Leases

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

(a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Lease income under an operating lease is recognised on a straight-line basis over the period of the lease.

(b) Finance leases

The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has made a resolution and obtained appropriate approval for disposal of the non-current asset or the disposal group; (3) the Group has signed an irrevocable transfer agreement with the transferee; and (4) the transfer is to be completed within one year.

Non-current assets (except for financial assets, investment property measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less the costs to sell is recognised as asset impairment loss.

Such non-current assets and assets included in disposal groups as classified as held for sale are accounted for as current assets; while liabilities included in disposal groups classified as held for sale are accounted for as current liabilities. And they are presented separately in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

(26) Custodian business

Qingdao Port Finance Co., Ltd. (“QDP Finance”), a subsidiary of the Company, has custodian business mainly involving entrusted loan. Entrusted loan business refers to the business where under the entrusted loan agreement between QDP Finance and customer, QDP Finance offers loan (“entrusted loan”) to other party under instruction of customer from the fund (“entrusted loan fund”) provided by customer. As QDP Finance does not assume risk and reward incidental to the entrusted loan and associated entrusted loan fund, the entrusted loan and fund are recorded as off-balance sheet items by their capital, and no provision for impairment loss is made for such entrusted loan.

(27) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to generate revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(28) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(a) Judgement on construction cost and completion timing of construction in progress

In practice, to judge whether terminal facilities is ready for intended use involves consideration of multiple important timing points, and as the duration of terminal facilities construction project is relatively long, the Group will transfer the portions of construction projects into fixed assets when they are ready for intended use; meanwhile, as the large number of projects involved in construction leading to longer time for completion settlement, completion settlement of projects ready for intended use may not be completed when brought forward to fixed assets. Therefore, the Group needs to judge and estimate completion progress, timing to reach its intended use and the cost of the construction-in-progress to be transferred to fixed assets where necessary. The estimates and judgements may cause difference between actual cost determined in completion settlement and the fixed asset cost estimated initially, hence impact the cost of fixed asset and the depreciation charge.

(b) Estimate on useful lives and residual values of fixed assets

The Group's management estimates the expected useful lives and residual values of fixed assets, and review them periodically. The estimates are based on the historical actual useful lives and industry practices of fixed assets with similar nature and function. In the processing of using fixed assets, the economic environment, technical environment and other environment may have a significant impact on the useful lives and expected net residual values of fixed assets; and also changes in the economic environment, technical environment and other environment may also lead significant changes in the expected realisation method of economic benefits related to fixed assets. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

(c) Actuarial calculation of early retirement and supplemental retirement benefits

The liabilities recognised from early retirement and supplemental retirement benefits by the Group are calculated on an actuarial basis using a number of assumptions. The assumptions include discount rates, salaries and welfare growth rate, and mortality rates, etc. Any differences between the actual results and assumptions are accounted in the current period in accordance with relevant accounting policies. Although management considers their assumptions are reasonable, change of experience data and assumptions will affect the amounts of early retirement benefit and supplemental retirement benefits liabilities and other comprehensive income or loss associated with supplemental retirement benefits of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(28) Critical accounting estimates and judgements (Continued)

(d) Estimate on provision for bad debts of receivables

The Group, based on current market conditions, estimates the historical experience of receivables ageing, customer financial conditions and collateral (if any). The Group regularly reviews the adequacy of provision for bad debts of receivables. If there is any change on assumption and estimate, revisions to the provisions of receivables would be required.

5 TAXATION

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Enterprise income tax	Taxable income	25%, 20%
Value-added tax ("VAT")	(a) Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)	3%, 6%, 11%, 13% or 17%
Business tax	(b) Taxable turnover amount	3% or 5%
City maintenance and construction tax	Value added tax and business tax paid	7%
Educational surcharge	Value added tax and business tax paid	3%

(a) Value-added tax ("VAT")

The Company and certain subsidiaries engage in sales of fuel, electromechanical equipment, concrete, etc. and merchandise trade. And the Company also provides electricity, water supply, etc. All of such services are subject to VAT. Within them, VAT rate for products like fuel, electromechanical equipment and electricity services as well as merchandise trade is 17%, rates for water supply and sales of concrete are 13% and 6% respectively, and the "exempt, credit, refund" method applies to exported machinery with a refund rate of 17%. Input VAT paid by the Company and such subsidiaries for purchase of fuel, electromechanical equipment, cement, electricity, materials, etc. with issuance of VAT special invoice can be deducted from output VAT.

Moreover, revenue from re-sales of movable property like loading equipment and machinery equipment brought before 31 December 2008, whose input VAT has not been deducted is subject to 3% VAT rate but is actually levied at 2%.

Pursuant to the *Circular on the Incorporation of the Railway Transportation Industry and the Postal Industry into the Pilot Program of Levying VAT in Lieu of Business Tax* (Cai Shui [2013] No. 106) jointly issued by the Ministry of Finance and the State Administration of Taxation and other relevant regulations, the Group's revenue from loading, transportation, terminal services and leasing of tangible assets is subject to VAT since 1 August 2013. Among the services, except for revenue from transportation service which is subject to a VAT rate of 11%, revenue from other services such as loading, port management, tugboat and barging and ocean shipping tallying is subject to a VAT rate of 6%, and revenue from leasing of tangible assets is subject to a VAT rate of 17%.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

5 TAXATION (Continued)

(a) Value-added tax (“VAT”) (Continued)

Pursuant to *Pilot Measures for the Implementation of Levying Value-added Tax in Place of Business Tax* and related requirements as stipulated in the *Circular on Comprehensively Promoting the Pilot Program of Replacing Business Tax with Value-Added Tax* (Cai Shui [2016] No.36) jointly issued by the Ministry of Finance and the State Administration of Taxation, as from 1 May 2016, revenue from construction and installation projects provided by the Group, revenue from other services, transfer of real estate like terminal, stockyard and land use rights and leases of real estate is subject to VAT. Among such services, revenues from services of construction and installation projects, transfer of real estate like terminal, stockyard and land use rights and leasing of real estate is subject to a business tax rate of 11%; taxes payable for transfer or leases of real estate acquired before 30 April 2016 are calculated by simple method and subject to a rate of 5%; revenue from other services is subject to a VAT rate of 6%.

(b) Business tax

For the 4 months from 1 January to 30 April 2016, the Group’s revenue from construction and installation projects is subject to a business tax rate of 3%, and revenue from other services is subject to a business tax rate of 5%. Revenue of the Group from re-sales of real estate like terminal and stockyard is subject to a business tax rate of 5% based on the re-sale price; in the case of re-sales of land use rights, total revenue less the original price of land acquisition or assignment is subject to a business tax rate of 5%. Revenue of the Group from leases of real estate is subject to a business tax rate of 5%.

As from 1 May 2016, aforesaid services formerly subject to business tax are subject to VAT in lieu.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2016 (Unaudited)	31 December 2015
Cash on hand	88,090	185,104
Bank deposits	7,872,173,250	7,123,861,001
Other cash balances	781,221,496	434,144,091
	<u>8,653,482,836</u>	<u>7,558,190,196</u>

As at 30 June 2016, other cash balances include mandatory reserve deposit as placed with People's Bank of China by QDP Finance amounted to RMB733,256,476 (31 December 2015: RMB388,171,923), according to relevant regulations, deposits for the issuance of bank acceptance notes amounted to RMB43,085,021 (31 December 2015: RMB45,972,168) and deposits for the issuance of letter of credit amounted to RMB4,879,999 (31 December 2015: Nil)

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

	30 June 2016 (Unaudited)	31 December 2015
Wealth management products	<u>—</u>	<u>200,000,000</u>

As at 31 December 2015, financial assets at fair value through profit or loss are foreign exchange forward contract.

(3) Notes receivable

	30 June 2016 (Unaudited)	31 December 2015
Bank acceptance notes	523,849,091	324,132,214
Trade acceptance notes	357,475,605	401,606,668
	<u>881,324,696</u>	<u>725,738,882</u>

As at 30 June 2016, the Company has no pledged bank acceptance note (31 December 2015: the bank acceptance note with carrying amount of RMB62,731,590 was pledged to bank as collateral for the Group to apply for issuance of acceptance note with amount of RMB62,731,590) (Note 6(18)).

As at 30 June 2016, notes receivable include unmatured trade acceptance notes with recourse of RMB251,881,980 (31 December 2015: RMB309,384,939) that have been discounted. The Company recognises the received discounted amount as short-term borrowings (Note 6(17)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable and other receivables

(a) Accounts receivable

	30 June 2016 (Unaudited)	31 December 2015
Accounts receivable	1,346,224,706	1,324,319,048
Less: Provision for bad debts	(63,103,537)	(67,700,005)
	<u>1,283,121,169</u>	<u>1,256,619,043</u>

The Group's sales or services are partially made by cash, advances from customers, bank acceptance notes and trade acceptance notes. The remains are settled by providing credit terms from 30 to 90 days.

The ageing based on their recording dates of accounts receivable and related provision for bad debts are analysed below:

	30 June 2016 (Unaudited)			31 December 2015		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	1,286,188,069	95.53%	(48,685,263)	1,267,021,499	95.67%	(48,990,814)
1 to 2 years	43,978,077	3.27%	(2,552,362)	43,846,991	3.31%	(8,058,925)
2 to 3 years	4,255,641	0.32%	(861,347)	4,060,139	0.31%	(1,734,250)
3 to 4 years	2,954,207	0.22%	(2,200,853)	541,707	0.04%	(164,804)
4 to 5 years	225,000	0.02%	(180,000)	175,000	0.01%	(87,500)
Over 5 years	8,623,712	0.64%	(8,623,712)	8,673,712	0.66%	(8,663,712)
	<u>1,346,224,706</u>	<u>100.00%</u>	<u>(63,103,537)</u>	<u>1,324,319,048</u>	<u>100.00%</u>	<u>(67,700,005)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable and other receivables (Continued)

(a) Accounts receivable (Continued)

As at 30 June 2016, accounts receivable overdue but unimpaired are RMB449,650,324 (31 December 2015: RMB250,780,952). This receivable is considered recoverable based on the customers' financial condition and past credit record. The ageing of these accounts receivable is analysed as follows:

	30 June 2016 (Unaudited)	31 December 2015
Within 1 year	404,031,961	212,192,594
1 to 2 years	41,425,715	35,788,066
2 to 3 years	3,394,294	2,325,889
3 to 4 years	753,354	376,903
4 to 5 years	45,000	87,500
Over 5 years	—	10,000
	449,650,324	250,780,952

Accounts receivable are analysed by customers categories as follows:

	30 June 2016 (Unaudited)			31 December 2015		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Related party	256,902,883	19.08%	—	275,943,644	20.84%	—
Third party	1,089,321,823	80.92%	(63,103,537)	1,048,375,404	79.16%	(67,700,005)
	1,346,224,706	100.00%	(63,103,537)	1,324,319,048	100.00%	(67,700,005)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable and other receivables (Continued)

(b) Other receivables

	30 June 2016 (Unaudited)	31 December 2015
Construction expenditures paid on behalf (i)	186,820,617	121,821,020
Port construction fees receivable (“Port construction fees”) (ii)	109,934,157	102,765,668
Loans provided to related parties and third parties (iii)	284,855,327	472,060,000
Goods payments on behalf (iv)	81,920,483	114,235,942
Financial assets held under resale agreement (v)	74,224,792	—
Deposit and guarantee	23,810,539	27,397,119
Port miscellaneous expenses	23,389,067	4,783,974
Others	42,644,099	41,878,724
	827,599,081	884,942,447
Less: Provision for bad debts	(14,058,698)	(12,824,697)
	813,540,383	872,117,750

(i) Construction expenditures paid on behalf are mainly amounts paid on behalf of Qingdao New Qianwan Container Co., Ltd. (“New Qianwan Container”), Qingdao Qianwan United Container Terminal Co., Ltd. (“Qianwan United Container”) and Qingdao Shihua Crude Oil Terminal Co., Ltd. (“Shihua Crude Oil”).

(ii) Port construction fees receivable represents receivable from customers collected on behalf in accordance with the regulations of “the Administrative Measures for the Collection and Use of Port Construction Fees” jointly issued by the Ministry of Finance and the Ministry of Transport.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable and other receivables (Continued)

(b) Other receivables (Continued)

(iii) As at 30 June 2016, loans provided to related parties and third parties comprise:

- Loans of RMB78,500,000, RMB80,000,000, RMB10,000,000 and RMB902,400 provided by QDP Finance to related parties - Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (“Dongjiakou Ore Terminal”), Qingdao Qianwan West Port United Terminal Co., Ltd. (“Qianwan West United”), Qingdao Port Gang Yuntai Logistics Co., Ltd. (“Gang Yuntai Logistics”) and Qingdao Bay Liquid Chemical Port Operation Co., Ltd. (“Bay Liquid Chemical”) respectively with maturity within one year and interest calculated based on bank loan benchmark interest rate with corresponding period; bills discount for Dongjiakou Ore Terminal amounted to RMB29,606,317 and for certain third parties amounted to RMB15,846,610;
- Entrusted loan of RMB10,000,000 provided by Qingdao Port International Cargo Logistics Co., Ltd. (“QDP International Logistics”), a subsidiary of the Company, to one related party - Gang Yuntai Logistics, with maturity within one year and interest calculated based on bank loan benchmark interest rate with corresponding period;
- Entrusted loan of RMB60,000,000 provided by the Company to one related party - Huaneng Qingdao Port Operation Co., Ltd. (“Huaneng Port Operation”), with maturity within half a year and interest calculated based on bank loan benchmark interest rate downwards by 3% with corresponding period.

As at 31 December 2015, loans provided to related parties comprise:

- Loans of RMB98,000,000, RMB84,000,000, RMB60,000,000 and RMB10,060,000 provided by QDP Finance to related parties - Dongjiakou Ore Terminal, Qianwan West United, Huaneng Port Operation and Gang Yuntai Logistics respectively, with maturity within one year and interest calculated based on bank loan benchmark interest rate with corresponding period;
 - Entrusted loan of RMB10,000,000 provided by QDP International Logistics to one related party - Gang Yuntai Logistics, with maturity within one year and interest calculated based on bank loan benchmark interest rate with corresponding period;
 - Entrusted loan of RMB210,000,000 provided by the Company to its related party - Shihua Crude Oil, with maturity within half a year and interest calculated based on bank loan benchmark interest rate with corresponding period.
- (iv) Goods payments on behalf are paid by the Group on behalf of third parties for agent purchase of charred coal.
- (v) QDP Finance has acquired certain bank acceptance notes at the consideration of RMB74,224,792 from China Industrial Bank Co., Ltd., Qingdao Branch. Pursuant to the agreement, QDP Finance will resell all the bank acceptance notes to China Industrial Bank Co., Ltd., Qingdao Branch at the consideration of RMB75,000,000 by the date of 18 July 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable and other receivables (Continued)

(b) Other receivables (Continued)

Ageing of other receivables and related provision for bad debts are analysed below:

	30 June 2016 (Unaudited)			31 December 2015		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	781,805,766	94.47%	(3,162,732)	843,659,539	95.33%	(11,055,097)
1 to 2 years	30,262,696	3.66%	(5,703)	40,303,727	4.55%	(1,769,600)
2 to 3 years	15,256,630	1.84%	(10,885,475)	694,768	0.08%	—
3 to 4 years	247,989	0.03%	(4,788)	8,500	0.00%	—
4 to 5 years	3,000	0.00%	—	254,413	0.03%	—
Over 5 years	23,000	0.00%	—	21,500	0.00%	—
	827,599,081	100.00%	(14,058,698)	884,942,447	100.00%	(12,824,697)

As at 30 June 2016, provision for bad debts includes provision of RMB3,155,100 (2015: RMB10,932,506) for loan losses made by QDP Finance based on customer credit rating according to the Order of China Banking Regulatory Commission ([2011] No.4).

As at 30 June 2016, other receivables with ageing over one year are RMB45,793,315 (31 December 2015: RMB41,282,908). Based on analysis on customer financial condition and past credit record, the Group makes provision for bad debts at RMB10,895,966 (31 December 2015: RMB1,769,600). The remaining receivable is considered recoverable.

(5) Advances to suppliers

The ageing of advances to suppliers is analysed as follows:

	30 June 2016 (Unaudited)		31 December 2015	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	96,543,391	98.19%	46,312,114	96.27%
1 to 2 years	—	—	15,000	0.03%
2 to 3 years	—	—	1,778,327	3.70%
3 to 4 years	1,778,327	1.81%	—	—
	98,321,718	100.00%	48,105,441	100.00%

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Inventories

Change in ending balances of inventories in the current period are analysed as follows:

	30 June 2016 (Unaudited)			31 December 2015		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Commodities under real estate development (i)	9,261,294	—	9,261,294	21,297,547	—	21,297,547
Amount due from customers for construction contract (ii)	341,186,207	—	341,186,207	257,036,745	—	257,036,745
Materials and finished goods	83,990,096	—	83,990,096	58,108,840	—	58,108,840
Spare parts	4,140,090	—	4,140,090	4,363,680	—	4,363,680
Fuel	2,726,283	—	2,726,283	3,367,307	—	3,367,307
Others	5,593,107	—	5,593,107	3,944,493	—	3,944,493
	<u>446,897,077</u>	<u>—</u>	<u>446,897,077</u>	<u>348,118,612</u>	<u>—</u>	<u>348,118,612</u>

(i) As at 30 June 2016 and 31 December 2015, commodities under real estate development represents the real estate named “Blue Bay” developed by the Group.

(ii) Amount due from customers for construction contract

	30 June 2016 (Unaudited)	31 December 2015
Accumulated cost recognised	3,335,993,239	2,764,466,108
Add: Accumulated gross profits recognised	198,806,282	160,956,599
Less: Accumulated amount settled	(3,193,613,314)	(2,668,385,962)
	<u>341,186,207</u>	<u>257,036,745</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Inventories (Continued)

(b) Changes in ending balances of inventories in the current period are analysed as follows:

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Commodities under real estate development	21,297,547	195,980	(12,232,233)	9,261,294
Amount due from customers for construction contract	257,036,745	635,271,545	(551,122,083)	341,186,207
Materials and finished goods	58,108,840	514,105,493	(488,224,237)	83,990,096
Spare parts	4,363,680	7,152,557	(7,376,147)	4,140,090
Fuel	3,367,307	199,489,079	(200,130,103)	2,726,283
Others	3,944,493	21,616,556	(19,967,942)	5,593,107
	<u>348,118,612</u>	<u>1,377,831,210</u>	<u>(1,279,052,745)</u>	<u>446,897,077</u>

(c) As at 30 June 2016 and 31 December 2015, no provision for decline in the value of inventories is recorded.

(7) Other current assets

	30 June 2016 (Unaudited)	31 December 2015
Available-for-sale financial assets (i)	910,000,000	—
Input VAT	158,207,925	65,250,902
	<u>1,068,207,925</u>	<u>65,250,902</u>

(i) As at 30 June 2016, available-for-sale financial assets is short-term financial products purchased by the Group (31 December 2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Available-for-sale financial assets

	30 June 2016 (Unaudited)	31 December 2015
Measured at cost		
– Available-for-sale equity instruments	<u>72,207,877</u>	<u>72,207,877</u>

Available-for-sale financial assets measured at cost represents unlisted equity investments held by the Group in Shandong Binhai Hongrun Pipeline Logistics Co., Ltd., Sinopec Qingdao Liquefied Natural Gas Co., Ltd. and Sanya Yalong Bay Development Co., Ltd. over which the Group has no control, joint control or significant influence. These investments are not quoted in an active market and their fair value cannot be reliably measured as the reasonable estimates of fair value vary in a broad range and probabilities used to determine the reasonable estimates of fair value cannot be fairly determined. The Group has no plan to dispose these investments.

(9) Long-term receivables

	30 June 2016 (Unaudited)	31 December 2015
Loans provided to related parties (i)	3,830,255,550	1,746,724,704
Less: Loans due within one year	(79,296,131)	(49,367,934)
Others	<u>2,400,000</u>	<u>2,400,000</u>
	3,753,359,419	1,699,756,770
Loan impairment provision	(35,923,723)	(20,481,652)
Less: Loan impairment provision due within one year	<u>895,923</u>	<u>396,358</u>
	(35,027,800)	(20,085,294)
	<u>3,718,331,619</u>	<u>1,679,671,476</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term receivables (Continued)

(i) As at 30 June 2016, loans provided to related parties comprise:

- Balances of RM1,090,000,000, RMB422,934,193, RMB134,500,000, RMB200,000,000, RMB22,951,938 and RMB25,800,000 of long-term loans provided by QDP Finance to related parties - Qianwan United Container, New Qianwan Container, Qianwan West United, Dongjiakou Ore Terminal, Bay Liquid Chemical and Gang Yuntai Logistics, among which RMB850,000 and RMB200,000,000 of loans to New Qianwan Container and Dongjiakou Ore Terminal are issued with fixed interest rates of 6.15% and 4.28% respectively, while interest of the remaining loans are calculated based on the corresponding bank loan benchmark interest rate. RMB45,296,131 out of these loans that will be recoverable within one year and the associated provision for loan impairment of RMB895,923 are presented as the current portion of non-current assets.
- Long-term pledged loan of RMB219,069,419 and RMB80,000,000 by Qingdao Port International Financial Leasing Co., Ltd. ("QDP Financial Leasing"), a subsidiary of the Company, to related parties - Dongjiakou Ore Terminal and Qianwan West United, among which, RMB34,000,000 that will be recoverable within one year is presented as the current portion of non-current assets.
- Long-term entrusted loans of RMB675,000,000, RMB440,000,000 and RMB520,000,000 of provided by the Company to related parties - Qianwan United Container, New Qianwan Container and Dongjiakou Ore Terminal respectively, among which RMB675,000,000 and RMB520,000,000 of loans to Qianwan United Container and Dongjiakou Ore Terminal are issued with fixed interest rates of 4.28% and RMB350,000,000 of loans lent to New Qianwan Container is issued with fixed interest rates of 4.75%, while interest of the remaining loans are calculated based on the corresponding bank loan benchmark interest rate.

As at 31 December 2015, loans provided to related parties comprise:

- Long-term loans of RMB1,095,000,000, RMB265,727,934, RMB140,000,000 and RMB27,900,000 provided by QDP Finance to related parties - Qianwan United Container, New Qianwan Container, Qianwan West United and Gang Yuntai Logistics respectively, among which RMB900,000 of loans to New Qianwan Container is issued with fixed interest rates of 6.15%, while interest of the remaining loans are calculated based on the corresponding bank loan benchmark interest rate. Within the long-term loans, RMB27,367,934 that will be recoverable within one year and the associated provision for loan impairment of RMB396,358 are presented as the current portion of non-current assets.
- Long-term pledged loan of RMB218,096,770 by QDP Financial Leasing, a subsidiary of the Company, to one related party - Dongjiakou Ore Terminal, among which RMB22,000,000 that will be recoverable within one year is presented as the current portion of non-current assets.

(10) Long-term equity investments

	30 June 2016 (Unaudited)	31 December 2015
Joint ventures (a)	4,752,415,230	4,692,198,902
An associate (b)	5,383,382	5,841,029
	<u>4,757,798,612</u>	<u>4,698,039,931</u>

As at 30 June 2016 and 31 December 2015, there is no significant restriction on realisation of the long-term equity investments held by the Group to cash.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Long-term equity investments (Continued)

(a) Joint ventures

Investments in joint ventures are set out below:

	Movements in the current period (Unaudited)							30 June 2016 (Unaudited)
	31 December 2015	Increase in investment	Decrease in investment	Share of net profit/(loss) using equity method	Share of other changes in equity	Cash dividends/ profit declared by joint ventures	Intra-group unrealised profit	
Qianwan Container	1,764,874,264	—	—	254,204,624	1,839,570	(295,718,494)	—	1,725,199,964
Shihua Crude Oil	1,189,832,795	—	—	101,322,737	615,186	—	4,043,266	1,295,813,984
Qianwan West United	321,984,448	—	—	773,504	207,259	—	945,857	323,911,068
Weihai Qingwei Container Terminal Co., Ltd. ("Qingwei Container")	99,563,283	—	—	9,072,093	4,947,510	—	—	113,582,886
Vopak Logistics (Qingdao) Co., Ltd. ("Vopak Logistics")	144,005,886	—	—	(66,857)	—	—	—	143,939,029
Qingdao Evergreen Container Storage&Transportation Co., Ltd. ("Evergreen Container")	66,211,880	—	(22,500,000)	8,449,944	179,602	(17,056,869)	—	35,284,557
Qingdao Orient International Container Storage and Transportation Co., Ltd. ("Orient Container")	37,586,654	—	—	3,447,629	—	(7,320,350)	—	33,713,933
Bay Liquid Chemical	149,466,624	—	—	(242,902)	—	—	—	149,223,722
Qingdao Qianwan Port Area Bonded Logistics Centre Co., Ltd. ("Bonded Logistics Centre")	8,570,314	—	—	1,726,211	—	—	—	10,296,525
Qingdao Ganghai International Logistics Co., Ltd. ("Ganghai Logistics")	8,921,655	—	—	718,853	—	—	—	9,640,508
Qingdao Shenzhouxing International Transportation Co., Ltd. ("Shenzhouxing Transportation")	10,387,952	—	—	2,664,637	—	—	—	13,052,589
China Shipping Agency (Qingdao) Co., Ltd. ("China Shipping Agency")	11,626,022	—	—	1,205,416	—	(2,449,803)	—	10,381,635
Qingdao United International Shipping Agency Co., Ltd. ("United Shipping Agency")	37,982,788	—	—	5,687,797	—	(10,262,181)	—	33,408,404
Huaneng Port Operation	185,607,545	—	—	(4,737,944)	—	—	—	180,869,601
Qingdao Port Dongjiakou IMC Logistics Co., Ltd. ("Dongjiakou IMC Logistics")	143,731,986	—	—	1,559,629	—	—	—	145,291,615
Dongjiakou Ore Terminal	439,393,889	—	—	11,311,319	(86,328)	—	—	450,618,880
Qingdao Port Express Logistics (Linyi) Co., Ltd. ("Linyi Express")	3,827,714	—	—	4,209	—	—	—	3,831,923
Henan Yuqing International Logistics Co., Ltd. ("Henan Yuqing")	2,491,014	—	—	(12,486)	—	—	—	2,478,528
Sinotrans Qingdao Port Dongjiakou Logistics Co., Ltd. ("Dongjiakou Sinotrans Logistics")	49,151,714	—	—	(140,571)	—	—	—	49,011,143
Gang Yuntai Logistics	14,970,272	—	—	(88,635)	—	—	—	14,881,637
Binzhou Port QDP International Terminal Co., Ltd. ("Binzhou Port QDP International Terminal")	2,010,203	—	—	135,199	—	—	—	2,145,402
Lianrong Logistics	—	5,000,000	—	837,697	—	—	—	5,837,697
	<u>4,692,198,902</u>	<u>5,000,000</u>	<u>(22,500,000)</u>	<u>397,832,103</u>	<u>7,702,799</u>	<u>(332,807,697)</u>	<u>4,989,123</u>	<u>4,752,415,230</u>

Information on equity in joint ventures is set out in Note 8(2).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Long-term equity investments (Continued)

(b) Associates

Investment in an associate is set out below:

	31 December 2015	Movements in the current period (Unaudited)			30 June 2016 (Unaudited)
		Share of net profit/(loss) using equity method	Profit/Cash dividends declared by joint ventures	Other decreases	
Qingdao Ganghua Logistics Co., Ltd. ("Ganghua Logistics")	5,841,029	794,749	(1,252,396)	—	5,383,382

Information on equity in associate is set out in Note 8(2).

(11) Investment properties

	Buildings	Land use rights	Total
Cost			
31 December 2015	140,277,772	601,337	140,879,109
Disposal in current period (Unaudited)	(17,627,073)	—	(17,627,073)
30 June 2016 (Unaudited)	122,650,699	601,337	123,252,036
Accumulated depreciation			
31 December 2015	(21,087,541)	(25,097)	(21,112,638)
Accrued (Unaudited)	(2,581,249)	(6,024)	(2,587,273)
Disposal in current period (Unaudited)	11,371,224	—	11,371,224
30 June 2016 (Unaudited)	(12,297,566)	(31,121)	(12,328,687)
Net book value			
30 June 2016 (Unaudited)	110,353,133	570,216	110,923,349
31 December 2015	119,190,231	576,240	119,766,471

As at 30 June 2016, the management of the Group are of the view that there is no indication that the investment properties may be impaired, therefore no provision for impairment is required (31 December 2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Fixed assets

	Buildings	Terminal facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
Cost										
31 December 2015	307,319,699	6,327,937,434	2,333,855,185	2,736,388,575	616,301,543	1,018,097,020	93,293,199	83,825,088	54,420,003	13,571,437,746
Business combination involving enterprises under common control	—	—	—	—	—	231,111,703	—	—	—	231,111,703
31 December 2015 (Restated)	307,319,699	6,327,937,434	2,333,855,185	2,736,388,575	616,301,543	1,249,208,723	93,293,199	83,825,088	54,420,003	13,802,549,449
Transfers from construction in progress (Unaudited)	—	367,345,703	—	—	—	—	—	—	—	367,345,703
Purchase in the current period (Unaudited)	177,385	11,966,343	1,556,887	12,824,293	9,535,247	—	2,194,912	3,728,281	6,757,695	48,741,043
Decrease in the current period (Unaudited)	(333,687)	—	—	(953,422)	(1,288,487)	—	(140,120)	(133,869)	(397,111)	(3,246,696)
30 June 2016 (Unaudited)	307,163,397	6,707,249,480	2,335,412,072	2,748,259,446	624,548,303	1,249,208,723	95,347,991	87,419,500	60,780,587	14,215,389,499
Accumulated depreciation										
31 December 2015	(149,587,622)	(1,572,313,934)	(458,475,287)	(2,086,686,933)	(458,262,002)	(426,225,479)	(55,095,502)	(59,952,684)	(27,309,961)	(5,293,909,404)
Business combination involving enterprises under common control	—	—	—	—	—	(29,469,192)	—	—	—	(29,469,192)
31 December 2015 (Restated)	(149,587,622)	(1,572,313,934)	(458,475,287)	(2,086,686,933)	(458,262,002)	(455,694,671)	(55,095,502)	(59,952,684)	(27,309,961)	(5,323,378,596)
Accrued in the current period (Unaudited)	(5,162,312)	(62,384,427)	(37,985,005)	(67,958,998)	(14,050,346)	(26,763,633)	(4,317,423)	(4,595,149)	(2,172,525)	(225,389,818)
Decrease in the current period (Unaudited)	215,944	—	—	953,422	705,855	—	115,352	127,831	321,983	2,440,387
30 June 2016 (Unaudited)	(154,533,990)	(1,634,698,361)	(496,460,292)	(2,153,692,509)	(471,606,493)	(482,458,304)	(59,297,573)	(64,420,002)	(29,160,503)	(5,546,328,027)
Net book value										
30 June 2016 (Unaudited)	152,629,407	5,072,551,119	1,838,951,780	594,566,937	152,941,810	766,750,419	36,050,418	22,999,498	31,620,084	8,669,061,472
31 December 2015	157,732,077	4,755,623,500	1,875,379,898	649,701,642	158,039,541	591,871,541	38,197,697	23,872,404	27,110,042	8,277,528,342
31 December 2015 (Restated)	157,732,077	4,755,623,500	1,875,379,898	649,701,642	158,039,541	793,514,052	38,197,697	23,872,404	27,110,042	8,479,170,853

For the six months ended 30 June 2016, the amounts of depreciation expenses charged to cost of sales and general and administrative expenses are RMB215,810,903 and RMB9,578,915 respectively (2015: RMB209,027,786 and RMB9,621,833).

As at 30 June 2016, the Group's management considers there is no indication that the fixed assets may be impaired, therefore no provision for impairment is required (31 December 2015: Nil).

For the six months ended 30 June 2016, the costs of fixed assets transferred from construction in progress amount to RMB367,345,703 (2015: RMB358,889,571).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Fixed assets (Continued)

As at 30 June 2016 and 31 December 2015, the carrying amounts of fixed assets lent out through operating leases of the Group are analysed as follows:

30 June 2016 (Unaudited)	Cost	Accumulated depreciation	Net book value
Terminal facilities	1,819,979,555	(137,899,040)	1,682,080,515
Storage facilities	778,997,562	(51,605,190)	727,392,372
Buildings	26,984,361	(3,314,380)	23,669,981
Other equipment	93,923	(86,194)	7,729
	<u>2,626,055,401</u>	<u>(192,904,804)</u>	<u>2,433,150,597</u>

31 December 2015	Cost	Accumulated depreciation	Net book value
Terminal facilities	1,819,979,555	(110,319,232)	1,709,660,323
Storage facilities	778,997,562	(41,284,152)	737,713,410
Buildings	26,984,361	(2,651,504)	24,332,857
Other equipment	93,923	(86,194)	7,729
	<u>2,626,055,401</u>	<u>(154,341,082)</u>	<u>2,471,714,319</u>

(13) Construction in progress

Project name	31 December 2015	Increase in the current period (Unaudited)	Transfer to fixed assets (Unaudited)	Transfer to intangible assets (Unaudited)	30 June 2016 (Unaudited)	Accumulative amount of capitalised borrowing costs (Unaudited)	Including: borrowing costs capitalised in current period (Unaudited)	Capitalisation rate in current period (Unaudited)
Dongjiakou oil terminal and oil tanks project	868,819,257	348,117,737	—	—	1,216,936,994	—	—	—
Dongjiakou berth project for bulk and general cargo	2,028,921,954	434,799,796	—	(23,471,540)	2,440,250,210	25,013,733	4,431,044	4.87%
Dongjiakou stockyard project	176,539,211	6,806,558	—	—	183,345,769	—	—	—
Other Dongjiakou projects	41,596,510	54,366,988	—	—	95,963,498	—	—	—
Qianwan dock basin deepening & dredging project	367,034,508	311,195	(367,345,703)	—	—	—	—	—
Other projects	7,464,317	11,493,183	—	—	18,957,500	—	—	—
	<u>3,490,375,757</u>	<u>855,895,457</u>	<u>(367,345,703)</u>	<u>(23,471,540)</u>	<u>3,955,453,971</u>	<u>25,013,733</u>	<u>4,431,044</u>	

For the six months ended 30 June 2016, the Group's capitalised borrowing expense is RMB4,431,044 (2015: RMB5,476,000), and the annual capitalised rate used to determine the borrowing costs eligible for capitalisation is 4.87% (2015: 5.80%).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Intangible assets

	Land use rights	Software	Sea area use rights	Others	Total
Cost					
31 December 2015	811,909,772	33,019,373	46,710,000	51,101,563	942,740,708
Increase in the current period (Unaudited)					
Purchase	21,407,970	68,765	—	—	21,476,735
Transfer from construction in progress	—	—	23,471,540	—	23,471,540
30 June 2016 (Unaudited)	833,317,742	33,088,138	70,181,540	51,101,563	987,688,983
Accumulated amortisation					
31 December 2015	(37,384,182)	(22,356,396)	(1,306,026)	(25,504,872)	(86,551,476)
Increase in the current period (Unaudited)					
Accrued	(7,745,413)	(1,951,930)	(682,954)	(1,822,919)	(12,203,216)
30 June 2016 (Unaudited)	(45,129,595)	(24,308,326)	(1,988,980)	(27,327,791)	(98,754,692)
Provision					
31 December 2015	—	—	—	—	—
Increase in the current period (Unaudited)					
Accrued	—	—	—	(922,900)	(922,900)
30 June 2016 (Unaudited)	—	—	—	(922,900)	(922,900)
Book Value					
30 June 2016 (Unaudited)	788,188,147	8,779,812	68,192,560	22,850,872	888,011,391
31 December 2015	774,525,590	10,662,977	45,403,974	25,596,691	856,189,232

For the six months ended 30 June 2016, the amortisation of intangible assets amounts to RMB12,203,216 (2015: RMB11,373,608).

For the six months ended 30 June 2016, the amortisation of land use rights charged to construction in progress is RMB2,135,913 (2015: RMB2,117,989).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Other non-current assets

	30 June 2016 (Unaudited)	31 December 2015
Taxes prepaid for port facilities rental income (a)	205,288,844	203,277,032
Less: Current portion	(12,720,571)	(11,294,229)
Construction and equipment expenditures prepaid	124,345,643	58,506,204
	316,913,916	250,489,007

- (a) The Group lease out certain land use rights, terminal facilities, storage facilities and other assets (collectively “port facilities”) in Qianwan Port Area to Qianwan Container, a joint venture of the Group, with a lease term of 30 years. By the end of 2010, the Group had received the rental payments in full. According to Article 12 of the “Interim Regulation of the People’s Republic of China on Business Tax”, the obligation to pay business tax is incurred on the very day when a taxpayer provides taxable service and the associated revenue is collected in full. The Group calculates the business tax and surcharges relating to the amounts received and recorded them as other non-current assets, and the current portion of which is presented as the current portion of non-current assets.

(16) Provision for asset impairments

	31 December 2015	Decrease in the current period (Unaudited)			30 June 2016 (Unaudited)
		Increase in the current period (Unaudited)	Reversal	Write-off	
Provision for bad debts of accounts receivable	67,700,005	1,291,305	—	(5,887,773)	63,103,537
Provision for bad debts of other receivables	12,824,697	1,234,001	—	—	14,058,698
Provision for bad debts of long-term receivables	20,481,652	15,442,071	—	—	35,923,723
Provision for impairment of intangible assets	—	922,900	—	—	922,900
	<u>101,006,354</u>	<u>18,890,277</u>	<u>—</u>	<u>(5,887,773)</u>	114,008,858

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Short-term borrowings

	Currency	30 June 2016 (Unaudited)	31 December 2015
Secured - Collateralised	RMB	<u>251,881,980</u>	<u>309,384,939</u>

- (a) As at 30 June 2016, bank borrowings of RMB251,881,980 (31 December 2015: RMB309,384,939) are short-term borrowings obtained by discounting trade acceptance notes (Note 6(3)).
- (b) As at 30 June 2016, the interest rate of short-term borrowings ranges from 2.25% to 4% (31 December 2015: from 3.87% to 4.56%).

(18) Notes payable

	30 June 2016 (Unaudited)	31 December 2015
Trade acceptance notes	136,076,565	70,061,922
Bank acceptance notes	<u>307,291,952</u>	<u>332,365,342</u>
	<u>443,368,517</u>	<u>402,427,264</u>

As at 30 June 2016, the Group has no bank acceptance notes payable issued with bank acceptance notes receivable as collateral (31 December 2015: bank acceptance notes payable of RMB62,731,590 are issued with bank acceptance notes receivable of the same amount as collateral (Note 6(3))).

(19) Accounts payable

The ageing of accounts payable based on their recording dates is analysed as follows:

	30 June 2016 (Unaudited)	31 December 2015
Within 3 months	557,330,462	461,547,118
3 to 6 months	270,524,337	295,701,396
Over 6 months	<u>688,312,482</u>	<u>582,311,662</u>
	<u>1,516,167,281</u>	<u>1,339,560,176</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Employee benefits payable

	30 June 2016 (Unaudited)	31 December 2015
Short-term employee benefits	41,995,549	51,125,785
Defined contribution plans	37,843,282	34,557,883
Termination benefits	17,550,000	17,550,000
Defined benefit plans	109,250,000	109,250,000
	<u>206,638,831</u>	<u>212,483,668</u>

(a) Short-term employee benefits

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Wages and salaries, bonus, allowances and subsidies	38,000,122	430,798,176	(445,793,215)	23,005,083
Staff welfare	540,708	41,964,421	(35,669,480)	6,835,649
Social security contributions	55,409	43,543,878	(43,472,609)	126,678
Including: Medical insurance	43,657	35,718,922	(35,656,646)	105,933
Work injury insurance	10,343	4,018,887	(4,022,007)	7,223
Maternity insurance	1,409	3,806,069	(3,793,956)	13,522
Housing funds	2,717	42,641,954	(42,524,213)	120,458
Labour union funds and employee education funds	6,595,712	10,284,822	(11,000,351)	5,880,183
Outsourcing costs	5,931,117	172,674,284	(172,583,671)	6,021,730
Others	—	3,340,614	(3,334,846)	5,768
	<u>51,125,785</u>	<u>745,248,149</u>	<u>(754,378,385)</u>	<u>41,995,549</u>

(b) Defined contribution plans

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Basic pensions	9,115	71,406,221	(71,195,262)	220,074
Unemployment insurance	2,699	3,969,048	(3,959,625)	12,122
Corporate annuity	34,546,069	19,778,371	(16,713,354)	37,611,086
	<u>34,557,883</u>	<u>95,153,640</u>	<u>(91,868,241)</u>	<u>37,843,282</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Employee benefits payable (Continued)

(c) Termination benefits

	30 June 2016 (Unaudited)	31 December 2015
Early retirement benefits (payable within one year)	17,550,000	17,550,000

Early retirement benefits borne by the Group are recognised as long-term employee benefits payable (Note 6(26)), the current portion of which is presented as employee benefits payable.

(d) Defined benefit plans

	30 June 2016 (Unaudited)	31 December 2015
Supplemental retirement benefits (due within one year)	109,250,000	109,250,000

Supplemental retirement benefits borne by the Group are recognised as long-term employee benefits payable (Note 6(26)), the current portion of which is presented as employee benefits payable.

(21) Taxes payable

	30 June 2016 (Unaudited)	31 December 2015
Enterprise income tax	116,534,438	57,553,105
Land use tax	13,544,373	12,652,003
VAT	12,507,886	8,095,572
Individual income tax	1,788,942	2,794,657
City maintenance and construction tax	1,170,867	1,693,361
Educational surcharge	490,544	719,257
Local educational surcharge	334,239	501,645
Funds for water conservancy construction	167,340	225,457
Business tax	—	8,482,834
Others	1,287,608	463,953
	147,826,237	93,181,844

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Interest payable

	30 June 2016 (Unaudited)	31 December 2015
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	1,204,522	1,037,260
Interest of bonds payable	16,200,982	—
Interest of customer deposits	10,229,131	6,429,597
	27,634,635	7,466,857

(23) Other payables

	30 June 2016 (Unaudited)	31 December 2015
Customer deposits by QDP Finance (i)	6,388,043,077	6,274,574,184
Construction and equipment expenditures (ii)	1,295,019,180	1,358,019,515
Payables to Qingdao Port Group (iii)	361,961,414	361,200,034
Deposit and guarantee	101,961,447	62,658,468
Port miscellaneous expenses (iv)	54,615,949	3,787,357
Port construction fees (v)	34,947,877	45,987,160
Directional purchase expenditures paid on behalf	29,959,135	27,303,200
Railage collected on behalf	11,320,768	4,838,742
Customs clearing fees collected on behalf (vi)	—	61,775,988
Welfare paid on behalf (vii)	—	3,080,000
Others	56,135,346	38,519,290
	8,333,964,193	8,241,743,938

- (i) Customer deposits are primarily taken by QDP Finance from the Group's related parties.
- (ii) Construction and equipment expenditures are mainly payables for project construction, which remain outstanding as relevant projects have not been completed.
- (iii) Payables to Qingdao Port Group are mostly construction expenditures collected in advance and will be paid on behalf of Qingdao Port Group to corresponding vendors.
- (iv) Port miscellaneous expenses payables are mostly expenses collected by International Logistics on behalf, and will be paid to Qianwan Container and other loading companies.
- (v) Port construction fees are collected by the Group on behalf and will be paid to Qingdao Maritime Safety Administration of the PRC.
- (vi) Customs clearing fees collected on behalf are collected by Qingdao Jieshun Customs Broker Co., Ltd. ("Jieshun Customs Broker") on behalf and will be paid to Qingdao Customs of the PRC.
- (vii) The Group pays early retirement benefits and supplemental retirement benefits on behalf of Qingdao Port Group. Payable within one year are presented as other payable and the remains are included in long-term payables (Note 6(27)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(24) Long-term borrowings

	30 June 2016 (Unaudited)	31 December 2015
Unsecured	175,560,687	182,910,687
Less: Long-term borrowings due within one year	(23,840,000)	(22,190,000)
	<u>151,720,687</u>	<u>160,720,687</u>

As at 30 June 2016 and 31 December 2015, interest rate of the long-term borrowings is equals to the five-year above bank loan benchmark interest rate issued by the People's Bank of China.

(25) Bonds payable

	31 December 2015	Issued in the current period (Unaudited)	30 June 2016 (Unaudited)
Corporate bonds payable	<u>—</u>	<u>3,500,000,000</u>	<u>3,500,000,000</u>

Under Zheng Jian Xu Ke [2016] No. 153 approved by China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds of RMB1.5 billion and the second tranche of corporate bonds of RMB2 billion respectively on 16 March 2016 and 6 June 2016. Interest of the bonds is paid annually and calculated by the simple interest method, and the fixed annual interest rates are 2.90% and 3.09% respectively (Note 6(22)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Long-term employee benefits payable

	30 June 2016 (Unaudited)	31 December 2015
Early retirement benefits	147,680,000	114,970,000
Supplemental retirement benefits	2,626,450,000	2,731,460,000
	<u>2,774,130,000</u>	<u>2,846,430,000</u>

The early retirement benefits represent the present value of expected future cash outflow of benefits to be paid to and for the early retired employees from the off-duty date to the normal retirement date which are discounted at the interest rate of government bonds that have terms to maturity approximating to the terms of the early retirement benefits. The supplemental retirement benefits represent the present value of expected future cash outflow of benefits to be paid to and for the retired employees which are discounted at the interest rate of government bonds that have terms to maturity approximating to the terms of the supplemental retirement benefits.

(a) Early retirement benefits of the Group

	30 June 2016 (Unaudited)	31 December 2015
Early retirement benefits	165,230,000	132,520,000
Less: Payable within one year	(17,550,000)	(17,550,000)
	<u>147,680,000</u>	<u>114,970,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Long-term employee benefits payable (Continued)

(b) Supplemental retirement benefits of the Group

	30 June 2016 (Unaudited)	31 December 2015
Supplemental retirement benefits	2,735,700,000	2,840,710,000
Less: Payable within one year	(109,250,000)	(109,250,000)
	<u>2,626,450,000</u>	<u>2,731,460,000</u>

(c) Movements for the Group's early retirement benefits and supplemental retirement benefits are analysed as follows:

	Early retirement benefits	Supplemental retirement benefits
As at 1 January 2016	132,520,000	2,840,710,000
Amount recognised in profit or loss for the current period (unaudited)		
- Service cost	42,020,000	—
- Interest expense on the net defined benefit obligations	1,900,000	45,680,000
Re-measurement amount (unaudited)		
- Actuarial losses/(gains) for the current period	110,000	(99,090,000)
Payment of benefits (unaudited)	<u>(11,320,000)</u>	<u>(51,600,000)</u>
As at 30 June 2016 (unaudited)	<u>165,230,000</u>	<u>2,735,700,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Long-term employee benefits payable (Continued)

- (d) Liabilities of early retirement benefits and supplemental retirement benefits as at the balance sheet date of the Group are calculated using projected unit credit method. Significant actuarial assumptions used are as follows:

	30 June 2016 (Unaudited)	31 December 2015
Discount rate - early retirement benefits	3.00%	3.00%
Discount rate - supplemental retirement benefits	3.50%	3.25%
Salary and welfare growth rate - early retirement benefits	10%	10%
Jinglao allowance growth rate - supplemental retirement benefits	5%	5%
Fushou allowance growth rate -supplemental retirement benefits	3%	3%

Assumption for future mortality rate is based on the statistics of the China Life Annuitant Mortality Table (2000-2003), and the actuarial assumptions are analysed as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Early retirement benefits -		
Average age	53.7	53.1
Average expected future time until legally retirement	5.1	5.7
Supplemental retirement benefits -		
Average age	64.5	63.7
Average expected future lifetime	20.2	20.8

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Long-term employee benefits payable (Continued)

- (e) The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

	Change in assumption	Impact on present value of defined benefit liability	
		Increase in assumption	Decrease in assumption
Discount rate - early retirement benefits	0.25%	1.78% down	1.85% up
Discount rate - supplemental retirement benefits	0.25%	3.86% down	4.06% up
Salary and welfare growth rate - early retirement benefits	1%	6.50% up	5.81% down
Jinglao allowance growth rate - supplemental retirement benefits	1%	7.14% up	5.94% down
Fushou allowance growth rate - supplemental retirement benefits	1%	5.29% up	4.23% down

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the projected unit credit method has been applied.

- (f) As at 30 June 2016, expected maturity analysis of undiscounted defined benefit liability is as follows(Unaudited):

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Early retirement benefits	26,630,000	22,990,000	58,270,000	125,050,000	232,940,000
Supplemental retirement benefits	<u>129,440,000</u>	<u>134,120,000</u>	<u>499,020,000</u>	<u>4,509,610,000</u>	<u>5,272,190,000</u>
	<u>156,070,000</u>	<u>157,110,000</u>	<u>557,290,000</u>	<u>4,634,660,000</u>	<u>5,505,130,000</u>

- (g) Early retirement benefits and supplemental retirement benefits expose the Group to a variety of risks, mainly, the risk of change in interest rate of government bonds. Decline interest rate of government bonds will lead to increase in liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Long-term employee benefits payable (Continued)

- (h) Early retirement benefits and supplemental retirement benefits recognised in profit or loss for the current period are analysed as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
General and administrative expenses	42,130,000	8,540,000
Finance expenses	47,580,000	56,410,000

(27) Long-term payables

	30 June 2016 (Unaudited)	31 December 2015
Payables to Qingdao Port Group (i)	489,154,297	489,154,297
Employee benefits to be paid on behalf of Qingdao Port Group	57,106,682	59,008,938
Less: Employee benefits due within one year (Note 6(23))	—	(3,080,000)
	546,260,979	545,083,235

- (i) Payables to Qingdao Port Group payables represents payables that will be paid after one year; while the current portion is presented as other payables (Note 6(23)).

(28) Deferred income

	30 June 2016 (Unaudited)	31 December 2015
Government grants		
- Special funds for outer channel (i)	143,104,808	143,104,808
- Special funds for science and technology	5,787,619	6,157,990
- Others	1,738,698	2,278,698
	150,631,125	151,541,496

- (i) Special funds for outer channel are granted by the Ministry of Transport and the Ministry of Finance to the Group to be used for outer channel expansion project, and are recognised into profit or loss for the current period on a straight-line basis over the useful lives of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29) Other non-current liabilities

	30 June 2016 (Unaudited)	31 December 2015
Lease payments collected in advance	3,595,808,547	3,698,992,263
Less: Current portion of lease payments	(207,171,135)	(207,171,135)
	<u>3,388,637,412</u>	<u>3,491,821,128</u>

Lease payments collected in advance comprise port facilities lease payments collected in advance from Qianwan Container, New Qianwan Container and Qianwan United Container with a period of 30 years. The current portion above is presented as advances from customers.

(30) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets without offsetting

	<u>30 June 2016 (Unaudited)</u>		<u>31 December 2015</u>	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Assets revaluation surplus	3,092,843,696	773,210,924	3,143,245,739	785,811,435
Early retirement benefits	165,230,000	41,307,500	132,520,000	33,130,000
Unrealised profit from inter-group transactions	142,479,961	35,619,990	103,852,300	25,963,075
Acquisition of Dongjiakou Two Multi-purpose Berths ("Dongjiakou business II")	39,205,047	9,801,262	39,207,004	9,801,751
Provision for asset impairments	90,741,921	22,685,480	87,530,286	21,882,572
Accrued expenses	33,245,784	8,311,446	1,957,930	489,483
Deductible losses	378,866	76,840	361,147	72,411
	<u>3,564,125,275</u>	<u>891,013,442</u>	<u>3,508,674,406</u>	<u>877,150,727</u>
Including:				
Expected to reverse within one year (inclusive)		39,590,117		35,334,316
Expected to reverse after one year		<u>851,423,325</u>		<u>841,816,411</u>
		<u>891,013,442</u>		<u>877,150,727</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) Deferred tax assets and deferred tax liabilities (Continued)

(b) Deferred tax liabilities without offsetting

	30 June 2016(Unaudited)		31 December 2015	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations involving enterprises not under common control	<u>78,561,091</u>	<u>19,640,273</u>	<u>79,443,800</u>	<u>19,860,950</u>
Including:				
Expected to reverse within one year (inclusive)		441,354		496,534
Expected to reverse after one year		<u>19,198,919</u>		<u>19,364,416</u>
		<u>19,640,273</u>		<u>19,860,950</u>

(c) The net balances of deferred tax assets is as follows:

	30 June 2016 (Unaudited)	31 December 2015
Deferred tax assets, net	<u>871,373,169</u>	<u>857,289,777</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Capital surplus

	31 December 2015	Business combinations involving enterprises under common control (Unaudited)	31 December 2015 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Share premium -						
Capital premium contributed by						
Qingdao Port Group (a)	7,052,279,474	—	7,052,279,474	—	—	7,052,279,474
Capital premium contributed by						
Other Promoters (a)	783,586,608	—	783,586,608	—	—	783,586,608
Issue of new shares (b)	1,547,306,924	—	1,547,306,924	—	—	1,547,306,924
Shares issue expenses (b)	(113,422,026)	—	(113,422,026)	—	—	(113,422,026)
Reversal of revaluation surplus	(4,830,045,213)	—	(4,830,045,213)	—	—	(4,830,045,213)
Deferred income tax arising from the assets revaluation surplus	887,819,497	—	887,819,497	—	—	887,819,497
Business combination involving enterprises under common control (c)	(26,251,662)	206,163,872	179,912,210	—	(198,015,888)	(18,103,678)
Other capital surplus -						
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	2,744,874	—	2,744,874	7,702,799	—	10,447,673
	<u>5,304,018,476</u>	<u>206,163,872</u>	<u>5,510,182,348</u>	<u>7,702,799</u>	<u>(198,015,888)</u>	<u>5,319,869,259</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Capital surplus (Continued)

	31 December 2014 (Unaudited)	Business combinations involving enterprises under common control (Unaudited)	31 December 2014 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2015 (Unaudited)
Share premium -						
Capital premium contributed by						
Qingdao Port Group (a)	7,052,279,474	—	7,052,279,474	—	—	7,052,279,474
Capital premium contributed by						
Other Promoters (a)	783,586,608	—	783,586,608	—	—	783,586,608
Issue of new shares (b)	1,547,306,924	—	1,547,306,924	—	—	1,547,306,924
Shares issue expenses (b)	(113,422,026)	—	(113,422,026)	—	—	(113,422,026)
Reversal of revaluation surplus	(4,830,045,213)	—	(4,830,045,213)	—	—	(4,830,045,213)
Deferred income tax arising from						
the assets revaluation surplus	887,819,497	—	887,819,497	—	—	887,819,497
Business combination involving						
enterprises under common						
control (c)	(10,939,662)	206,163,872	195,224,210	—	(15,312,000)	179,912,210
Other capital surplus -						
Share of changes in equity other						
than comprehensive income						
and profit distribution of investees						
accounted for using						
the equity method	427,863	—	427,863	6,246,463	(197,795)	6,476,531
	<u>5,317,013,465</u>	<u>206,163,872</u>	<u>5,523,177,337</u>	<u>6,246,463</u>	<u>(15,509,795)</u>	<u>5,513,914,005</u>

(a) As mentioned in Note 1, the Company is a stock limited company jointly established by Qingdao Port Group and Other Promoters. The assets and liabilities as well as cash at bank and on hand contributed by Qingdao Port Group amounted to RMB10,252,279,474 and RMB400,000,000, respectively, which were approved by Qingdao State-owned Assets Supervision & Administration Commission. Cash at bank and on hand contributed by Other Promoters amounted to RMB1,183,586,608. The contribution amounted to RMB11,835,866,082 in total, including share capital of RMB4,000,000,000 (4,000,000,000 shares, par value at RMB1) and capital surplus of RMB7,835,866,082.

(b) As mentioned in Note 1, the Company issued 705,800,000 foreign-listed H-shares overseas at its initial public offering at 6 June 2014. The amount of raised capital less capitalised listing expenses is RMB1,995,921,171, including share capital of RMB705,800,000 (705,800,000 shares, par value at RMB1) and capital surplus of RMB1,290,121,171. The Company exercised over-allotment option on 2 July 2014 and increased issuance of 72,404,000 foreign-listed H shares overseas. The amount raised in over-allotment is RMB216,167,727, including share capital of RMB72,404,000 (72,404,000 shares, par value at RMB1) and capital surplus of RMB143,763,727.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Capital surplus (Continued)

- (c) As is mentioned in Note 2(1), the Group acquired the Tugboat Business from QPIS on March 2016, which is regards as business combination under common control, thus the Tugboat Business are recorded at their predecessor cost in the consolidated financial statements, and is deemed as a consolidating component of the group in prior years. The comparable figures as at 31 December 2015 and 31 December 2014 has been restated accordingly (Note 7(1)). As at 16 March 2016(the combination date), the net assets of this business over the cost of Tugboat Business the Group actually obtained is treated as deemed distribution and was reflected in capital surplus.

(32) Other comprehensive income

(a) Reconciliation of other comprehensive income

	Attributable to shareholders of the parent company	Attributable to non-controlling interest	Total
	Changes in the re-measurement of defined benefit liabilities		
As at 31 December 2014	(171,385,200)	214,400	(171,170,800)
Changes in the current period (Unaudited)	(68,809,600)	(110,400)	(68,920,000)
As at 30 June 2015 (Unaudited)	<u>(240,194,800)</u>	<u>104,000</u>	<u>(240,090,800)</u>
As at 31 December 2015	(301,159,600)	628,800	(300,530,800)
Changes in the current period (Unaudited)	98,933,200	156,800	99,090,000
As at 30 June 2016 (Unaudited)	<u>(202,226,400)</u>	<u>785,600</u>	<u>(201,440,800)</u>

(b) Other comprehensive income, the related income tax effect and the reclassifications to profit or loss

	Six months ended 30 June 2016 (Unaudited)		
	Amount before tax	Income taxes	Net after tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss	<u>99,090,000</u>	—	<u>99,090,000</u>
	Six months ended 30 June 2015 (Unaudited)		
	Amount before tax	Income taxes	Net after tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss	<u>(68,920,000)</u>	—	<u>(68,920,000)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Surplus reserve

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Statutory surplus reserve	<u>287,004,088</u>	<u>—</u>	<u>—</u>	<u>287,004,088</u>
	31 December 2014	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2015 (Unaudited)
Statutory surplus reserve	<u>138,926,628</u>	<u>—</u>	<u>—</u>	<u>138,926,628</u>

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

(34) General reserve

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
General reserve	<u>77,670,166</u>	<u>—</u>	<u>—</u>	<u>77,670,166</u>
	31 December 2014	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2015 (Unaudited)
General reserve	<u>33,107,152</u>	<u>—</u>	<u>—</u>	<u>33,107,152</u>

Pursuant to Caijin [2012] No.20 "Requirements on Impairment Allowance for Financial Institutions" ("Requirements") issued by the Ministry of Finance, financial institutions shall make appropriation to general reserve for risk assets (including loans and advances, available-for-sale financial assets, held-to-maturity investments, long-term equity investments, deposits with banks and other financial institutions, placements with banks and other financial institutions, foreclosed assets, other receivables, etc.). The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the requirement, and the minimum threshold can be accumulated over a period of no more than five years.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Undistributed profits

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Undistributed profits at beginning of the period	2,299,431,405	1,533,486,237
Business combination involving enterprises under common control	10,211,006	3,083,315
Undistributed profits at beginning of the period (Restated)	2,309,642,411	1,536,569,552
Add: Net profit attributable to the Company for the current period	1,200,341,762	1,087,216,874
Less: Distribution to the shareholders	(664,552,612)	(946,202,948)
Undistributed profits at end of the period	2,845,431,561	1,677,583,478

Pursuant to the resolution at the board meeting dated on 18 March 2016 and the resolution at the shareholders' meeting dated on 6 June 2016, the Company proposed a dividend of RMB664,552,612 to the shareholders of the Company for 2015, RMB139.08 per 1,000 shares.

Pursuant to the board meeting dated on 20 March 2015 and the resolution at the shareholders' meeting dated on 6 June 2015, the Company has approved a special dividend to Qingdao Port Group and Other Promoters of RMB650,384,338 which equals to the distributable profit of the Group generated from 16 November 2013 (the date immediately after the date of the incorporation of the Company) to the last day of the month prior to the listing of the Company's share (31 May 2014) based on the audited consolidated balance sheet as at 31 May 2014 prepared in accordance with CAS. In the shareholders' meeting, the Company also approved the dividend in respect to the period from 1 June 2014 to 31 December 2014 of RMB61.91 per 1,000 shares, amounting to a total dividend of RMB295,818,610. This aforesaid approved dividends has been settled in 2015.

No interim dividend for the six months ended 30 June 2016 has been proposed by the Board (2015: Nil).

(36) Revenue and cost of sales

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Revenues from main operations	3,637,029,804	3,081,064,671
Revenues from other operations	484,889,217	482,863,181
	4,121,919,021	3,563,927,852
	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Cost of main operations	(2,473,940,969)	(2,187,399,147)
Cost of other operations	(268,666,177)	(267,585,645)
	(2,742,607,146)	(2,454,984,792)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Revenue and cost of sales (Continued)

(a) Revenue and cost of main operations

	Six months ended 30 June 2016 (Unaudited)		Six months ended 30 June 2015 (Unaudited)	
	Revenues from main operations	Cost of main operations	Revenues from main operations	Cost of main operations
Loading and relevant business	1,416,822,978	(971,771,344)	1,501,737,518	(1,110,152,603)
Integrated logistics business	1,439,017,308	(989,907,864)	1,053,467,042	(713,288,135)
Port supporting business	295,461,826	(73,705,679)	185,652,812	(53,138,670)
Construction, labour and sales of port machinery	485,727,692	(438,556,082)	340,207,299	(310,819,739)
	<u>3,637,029,804</u>	<u>(2,473,940,969)</u>	<u>3,081,064,671</u>	<u>(2,187,399,147)</u>

(b) Revenue and cost of other operations

	Six months ended 30 June 2016 (Unaudited)		Six months ended 30 June 2015 (Unaudited)	
	Revenues from other operations	Cost of other operations	Revenues from other operations	Cost of other operations
Rental income	170,372,945	(74,241,816)	147,209,908	(57,415,045)
Sales of fuel, electricity and etc.	294,815,973	(191,312,412)	315,917,485	(200,917,218)
Labour and other income	19,700,299	(3,111,949)	19,735,788	(9,253,382)
	<u>484,889,217</u>	<u>(268,666,177)</u>	<u>482,863,181</u>	<u>(267,585,645)</u>

(37) Taxes and surcharges

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Business tax	21,459,271	16,833,675
City maintenance and construction tax	9,692,957	9,897,552
Educational surcharges	6,923,430	7,069,680
Others	3,091,478	3,371,915
	<u>41,167,136</u>	<u>37,172,822</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Finance expenses - net

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Interest expenses	66,310,979	24,677,744
Less: Borrowing costs capitalised	(4,431,044)	(5,476,000)
Less: Interest income	(165,734,021)	(143,529,387)
Effect of actuarial calculation of employ benefit	47,580,000	56,410,000
Exchange (gains)/losses	(524,234)	5,998
Others	597,186	328,763
	<u>(56,201,134)</u>	<u>(67,582,882)</u>

(39) Expenses by nature

The cost of sales, selling and distribution expenses and general and administrative expenses in the income statement are listed by nature as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Employee benefits	817,639,131	770,153,799
Subcontract cost	809,607,927	610,756,729
Transportation cost	322,630,885	309,325,983
Depreciation of fixed assets	225,389,818	218,649,619
Consumption of raw materials in construction contract	231,542,696	154,885,691
Cost of sales for fuel and electricity	140,868,167	143,155,190
Fuel and heating expenses	113,648,254	122,151,018
Consumption of other raw materials	108,324,486	121,955,923
Operating lease rental	82,987,615	64,763,544
Repair and maintenance expense	43,468,060	52,871,410
Taxes	31,120,062	45,813,135
Amortisation of intangible assets	10,067,303	9,255,619
Amortisation of long-term prepaid expenses	4,881,605	4,229,958
Depreciation of investment properties	2,587,273	4,631,752
Auditor's remuneration-	2,417,548	4,032,048
- Audit services	2,333,302	4,022,688
- Non-audit services	84,246	9,360
Others	74,163,234	68,884,384
	<u>3,021,344,064</u>	<u>2,705,515,802</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Asset impairment losses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Provision for bad debts	17,967,377	13,744,987
Accrual for the losses of intangible assets	922,900	—
	<u>18,890,277</u>	<u>13,744,987</u>

(41) Investment income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Share of post-tax profit or loss of investees accounted for using the equity method	398,626,852	350,634,449
Income from financial assets held for trading	146,731	—
Income from available-for-sale financial assets	29,250	29,250
Income from disposal of long-term equity investments	—	153,156,541
	<u>398,802,833</u>	<u>503,820,240</u>

There is no significant restriction on transferring funds in the form of investment income.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Non-operating income and expenses

(a) Non-operating income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Gains on disposal of non-current assets	38,719,286	8,135,177
Including: Gains on disposal of fixed assets	5,753,328	8,135,177
Gains on disposal of investment properties	32,965,958	—
Government grants (i)	11,116,890	4,612,222
Commission from port construction fees (ii)	6,783,495	6,847,342
Unpayable dues	168,231	4,694,122
Others	2,416,241	391,798
	<u>59,204,143</u>	<u>24,680,661</u>

(i) Details of government grants are as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Science and technological awards	5,276,000	32,000
Wengang allowance	1,895,183	—
Special funds for outer channel	1,957,222	1,957,222
Awards for investments attraction	1,600,000	1,600,000
Others	388,485	1,023,000
	<u>11,116,890</u>	<u>4,612,222</u>

(ii) Pursuant to the regulations of “the Administrative Measures for the Collection and Use of Port Construction Fees” jointly issued by Ministry of Finance and Ministry of Transport, the Group obtains commission from port construction fees collected on behalf.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Non-operating income and expenses (Continued)

(b) Non-operating expenses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Losses on disposal of non-current assets	105,179	2,790,481
Including: Losses on disposal of fixed assets	105,179	2,790,481
Others	43,602	210,502
	148,781	3,000,983

(43) Income tax expenses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Current income tax calculated based on tax law and related regulations	315,839,591	251,726,334
Deferred income tax	(14,083,392)	23,353,513
	301,756,199	275,079,847

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Total profit	1,554,576,873	1,400,577,041
Income tax expenses calculated at applicable tax rates	388,644,218	350,144,260
Investment income not subject to tax	(99,656,713)	(87,658,612)
Extra-deducted salary for disabled employees	(1,147,745)	(1,051,363)
Costs, expenses and losses not deductible for tax purposes	13,916,439	13,645,562
Income tax expenses	301,756,199	275,079,847

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(44) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	1,200,341,762	1,087,216,874
Weighted average number of ordinary shares outstanding	4,778,204,000	4,778,204,000
Basic earnings per share	0.25	0.23
Including:		
– Basic earnings per share from continuing operations	0.25	0.23
– Basic earnings per share from discontinued operations	N/A	N/A

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2016 (2015: Nil), diluted earnings per share equal to basic earnings per share.

(45) Notes to the cash flow statement

(a) Reconciliation from net profit to cash flows from operating activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Net profit	1,252,820,674	1,125,497,194
Add: Provision for asset impairment loss	18,890,277	13,744,987
Depreciation of fixed assets and investment properties	227,977,091	223,281,371
Amortisation of intangible assets	10,067,303	9,255,619
Amortisation of long-term prepaid expenses	4,881,605	4,229,958
Amortisation of deferred income	(2,867,593)	(1,957,222)
Gains on disposal of non-current assets	(38,614,107)	(5,344,696)
Investment income	(398,802,833)	(503,820,239)
(Increase)/decrease in deferred tax assets	(14,083,392)	23,353,513
Finance expenses	(51,733,543)	(64,008,140)
Increase in inventories	(98,778,465)	(27,647,025)
Increase in operating receivables	(754,432,564)	(282,579,776)
Increase in operating payables	174,966,556	116,730,149
Net cash flows from operating activities	330,291,009	630,735,693

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Notes to the cash flow statement (Continued)

(b) Significant investing activities that do not involve cash receipts and payments

(i) Endorsement of notes receivable

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Construction expenditures paid on behalf by endorsement of notes receivable	122,236,176	382,306,179
Long-term assets acquired by endorsement of notes receivable	155,232,158	238,575,610
	277,468,334	620,881,789

(ii) Notes receivable received

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Notes receivable received for construction expenditures paid on behalf	32,420,676	329,168,553
Asset transfer expenses received	—	32,531,313
	32,420,676	361,699,866

(iii) Notes payable issued

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Long-term assets acquired by issuing notes payable	33,505,846	4,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Notes to the cash flow statement (Continued)

(c) Significant financing activities that do not involve cash receipts and payments

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Short-term borrowings payment deducted by previously discounted notes receivable fall due	<u>393,801,248</u>	<u>—</u>

(d) Net increase/(decrease) in cash

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Cash at end of period	5,060,534,359	4,387,013,635
Less: Cash at beginning of period	<u>(4,762,467,699)</u>	<u>(4,534,821,831)</u>
Net increase in cash	<u>298,066,660</u>	<u>(147,808,196)</u>

(e) Cash

	30 June 2016 (Unaudited)	31 December 2015
Cash at bank and on hand (Note 6(1))	8,653,482,836	7,558,190,196
Less: Term deposits with initial term of over 3 months	<u>(2,811,726,981)</u>	<u>(2,361,578,406)</u>
Other restricted cash balances	<u>(781,221,496)</u>	<u>(434,144,091)</u>
Cash at end of period/year	<u>5,060,534,359</u>	<u>4,762,467,699</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Notes to the cash flow statement (Continued)

(f) Cash received relating to other operating activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Operating lease rental of port facilities	66,787,377	40,410,197
Deposit and security deposit	42,889,559	24,524,385
Port miscellaneous expenses collected and paid on behalf	30,289,758	—
Land use tax refund	11,863,811	—
Payment paid on behalf received	8,926,392	—
Government grants received	8,249,297	2,655,000
Commission from port construction fees	6,783,495	6,847,342
Interest income	4,679,006	4,260,504
Others	12,283,653	15,129,046
	192,752,348	93,826,474

(g) Cash paid relating to other operating activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Repayment to Qingdao Port Group for previously received maturity of bills on behalf	67,988,440	—
Repayment on Customers clearing fees collected on behalf	61,775,988	—
Port construction fees paid on behalf	18,207,772	22,546,226
General office expenses and entertainment expenses	10,221,367	7,274,311
Intermediary service fee	5,889,267	5,816,327
Purchases of goods paid on behalf	—	35,065,340
Others	8,809,288	14,446,914
	172,892,122	85,149,118

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Notes to the cash flow statement (Continued)

(h) Cash received relating to other investing activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Loans repayment received from related parties	403,450,035	4,320,000
Construction expenditures paid on behalf received	175,337,757	87,840,057
Term deposits received with initial term of over 3 months	—	1,301,826,787
Technology innovation funds received	—	558,491
	<u>578,787,792</u>	<u>1,394,545,335</u>

(i) Cash paid relating to other investing activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Loans provided to related parties and third parties	2,292,595,308	282,280,000
Term deposits with initial term of over 3 months	450,148,575	—
Statutory deposit reserves by QDP Finance	345,084,553	—
Construction expenditures paid on behalf	155,070,772	124,702,572
Payment for financial assets held under resale agreements	74,224,792	—
	<u>3,242,899,208</u>	<u>406,982,572</u>

(j) Cash received relating to other financing activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Customer deposits at QDP Finance	113,468,893	—
Decrease in statutory deposit reserves of QDP Finance	—	514,876,762
	<u>113,468,893</u>	<u>514,876,762</u>

(k) Cash payments relating to other financing activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Payment to Qingdao Port Group	—	345,891,943
Decrease of customer deposits at QDP Finance	—	1,309,472,174
	<u>—</u>	<u>1,655,364,117</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

7 CHANGES OF THE SCOPE OF CONSOLIDATION

(1) Business combinations involving enterprises under common control

As mentioned in Note 2(1), the Group acquired Tugboat Business from QPIS on 16 March 2016. The acquisition date of this transaction is 16 March 2016, on which the Group effectively obtains the power to control tugboat business. This transaction is classified as a business combination involving enterprises under common control.

(a) The combination cost is as follows:

	Tugboat Business
Cost of combination-Cash paid	<u>180,222,071</u>

(b) The book value of assets and liabilities of the Tugboat Business as at combination date are as follows:

	Combination date Book value (Unaudited)	31 December 2015 Book value
Cash at bank and on hand	10,220,601	8,126,313
Accounts receivable	3,182,234	—
Other current assets	6,238,105	6,859,830
Fixed assets	198,581,061	201,642,511
Less: Accounts payable	(916,667)	—
Other payable	(68,302)	(253,776)
	<u>217,237,032</u>	<u>216,374,878</u>
Less: deemed distribution for assets not intended to obtain	(18,655,971)	—
Net assets obtained	<u>198,581,061</u>	<u>216,374,878</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

7 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

(1) Business combinations involving enterprises under common control (Continued)

- (b) The book value of assets and liabilities of the Tugboat Business as at combination date are as follows:
(Continued)

For the six months ended 30 June 2015 and the period from 1 January 2016 to the combination date, revenue, net profit and cash flow of the Tugboat Business as follows:

	From 1 January 2016 to the combination date (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Revenue	3,917,379	9,401,709
Net Profit	862,154	3,282,608
Cash flows from operating activities	3,105,993	10,987,245
Net cash flows	2,094,288	(3,625,170)

(2) Other reasons for changes of the scope of consolidation

The Company contributed cash of RMB200,000,000 on 15 March 2016 to establish a wholly-owned subsidiary namely Qingdao Port Assets Management Co., Ltd. (“Assets Management”). The Company’s subsidiary International Logistics contributed cash of RMB20,000,000 on 1 April 2016 to establish the subsidiary Qingdao Port Lianxin International Logistics Co., Ltd. (“Lianxin Logistics”) with shareholding of 58%.The two companies mentioned above have been included in the scope of consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

8 INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiary

(a) Constitution of the Group

	Category of legal person	Major business location	Place of registration	Principal activities	Shareholding (%)		Voting rights (%)	Acquisition method
					Direct	Indirect		
Qingdao Yongli Insurance Agency Co., Ltd. ("Yongli Insurance")	Limited Liability Company	Qingdao, China	Qingdao, China	Insurance agency services	100%	—	100%	Set-up or investment
International Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	100%	—	100%	Set-up or investment
Qingdao Hongyu Cargo Agency Co., Ltd. ("Hongyu Cargo Agency")	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency services	100%	—	100%	Set-up or investment
Jieshun Customs Broker	Limited Liability Company	Qingdao, China	Qingdao, China	Customs broker services	100%	—	100%	Set-up or investment
Qingdao Ocean Shipping Repair Co., Ltd. ("Ocean Shipping Repair")	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping repair services	100%	—	100%	Set-up or investment
Qingdao Port (Group) Engineering Co., Ltd. ("Qingdao Port Engineering")	Limited Liability Company	Qingdao, China	Qingdao, China	Engineering & construction	100%	—	100%	Set-up or investment
Qingdao Port Engineering Design Institute Co., Ltd. ("Port Engineering Design Institute")	Limited Liability Company	Qingdao, China	Qingdao, China	Engineering Design services	—	100%	100%	Set-up or investment
Qingdao Ocean Shipping Tally Co., Ltd. ("Ocean Shipping Tally")	Limited Liability Company	Qingdao, China	Qingdao, China	Ocean shipping tally services	84%	—	84%	Set-up or investment
Qingdao Gangjia Logistics Co., Ltd. ("Gangjia Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	51%	—	51%	Set-up or investment
Qingdao Bonded Port Area Gangrong Storage Center Co., Ltd. ("Gangrong Storage")	Limited Liability Company	Qingdao, China	Qingdao, China	Storage services	100%	—	100%	Set-up or investment
Qingdao Port International Travel Agency Co., Ltd. ("Qingdao Port Travel Agency")	Limited Liability Company	Qingdao, China	Qingdao, China	Travel agency	94.29%	—	94.29%	Set-up or investment
Qingdao Port Passenger Terminal Duty Free Merchandise Co., Ltd. ("Duty-free Merchandise")	Limited Liability Company	Qingdao, China	Qingdao, China	Sales of duty free merchandise	100%	—	100%	Set-up or investment
Datang Qingdao Port Co., Ltd. ("Datang Port")	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	51%	—	51%	Business combination involving enterprises not under common control
Qingdao Haiye Mercuria Logistics Co., Ltd. ("Mercuria Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	58%	—	58%	Business combination involving enterprises not under common control
Qingdao Mercuria Oil Terminal Co., Ltd. ("Mercuria Oil Terminal") (ii)	Limited Liability Company	Qingdao, China	Qingdao, China	Storage services	65%	—	60%	Business combination involving enterprises not under common control
Qingdao Port Yitong International Logistics Co., Ltd. ("Yitong Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	65%	65%	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

8 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiary (Continued)

(a) Constitution of the Group (Continued)

	Category of legal person	Major business location	Place of registration	Principal activities	Shareholding (%)		Voting rights (%)	Acquisition method
					Direct	Indirect		
Qingdao Port International Trade Logistics Co., Ltd. ("International Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	60%	60%	Set-up or investment
Qingdao Port Eimskip Coldchain Logistics Co., Ltd. ("Eimskip Coldchain") (ii)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	70%	—	60%	Set-up or investment
QDP Finance	Limited Liability Company	Qingdao, China	Qingdao, China	Financial services	70%	—	70%	Set-up or investment
Qingdao Port Dongjiakou Bulk Cargo Logistics Co., Ltd. ("Bulk Cargo Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	51%	51%	Set-up or investment
Qingdao Port Technology Co., Ltd. ("Technology Company")	Limited Liability Company	Qingdao, China	Qingdao, China	Technology services	100%	—	100%	Set-up or investment
Qingdao Port Properties Co., Ltd. ("Qingdao Port Properties")	Limited Liability Company	Qingdao, China	Qingdao, China	Property services	100%	—	100%	Set-up or investment
Qingdao Port Culture Media Co., Ltd. ("Culture Media")	Limited Liability Company	Qingdao, China	Qingdao, China	Media services	100%	—	100%	Set-up or investment
Qingdao Port Jieyuntong Logistics Co., Ltd. ("Jieyuntong Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	51%	51%	Set-up or investment
Qingdao Port Jiefeng International Logistics Co., Ltd. ("Jiefeng Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	51%	51%	Set-up or investment
Qingdao Port Lianjie International Logistics Co., Ltd. ("Lianjie Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	58%	58%	Set-up or investment
Qingdao Port Lianyu International Logistics Co., Ltd. ("Lianyu Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	60%	60%	Set-up or investment
Qingdao Port Pulp Logistics Co., Ltd. ("Pulp Logistics") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	55%	55%	Set-up or investment
Qingdao City Qingdao Port Commodity Trading Center Co., Ltd. ("QDP CTC") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	100%	100%	Business combination involving enterprises under common control
Qingdao Port International Development (Hong Kong) Co., Ltd. ("International Development")	Limited Liability Company	Hong Kong, China	Hong Kong, China	Investment services	100%	—	100%	Business combination involving enterprises under common control
Financial Leasing (iv)	Limited Liability Company	Qingdao, China	Qingdao, China	Financial Leasing	75%	25%	100%	Set-up or investment
Qingdao Port Tongbao Shipping Co., Ltd. ("Tongbao Shipping")	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	100%	—	100%	Set-up or investment
Qingdao Port Tongan Security Co., Ltd. ("Tongan Security")	Limited Liability Company	Qingdao, China	Qingdao, China	Security Services	100%	—	100%	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

8 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiary (Continued)

(a) Constitution of the Group (Continued)

	Category of legal person	Major business location	Place of registration	Principal activities	Shareholding (%)		Voting rights (%)	Acquisition method
					Direct	Indirect		
Qingdao Port Tongze Trading Co., Ltd. ("Tongze Trading")	Limited Liability Company	Hong Kong, China	Hong Kong, China	Sales of goods	100%	—	100%	Set-up or investment
Qingdao Port Dongjiakou Multi-purpose Terminal Co., Ltd. ("Dongjiakou Multi-purpose Terminal") (iii)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	79%	—	79%	Set-up or investment
Qingdao Port Svitzer Towage Co., Ltd. ("Svitzer Towage")	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	55%	—	55%	Set-up or investment
Shandong Port Lianhua Pipeline Oil Transport Co., Ltd. ("Lianhua Pipeline") (iii)	Limited Liability Company	Qingdao, China	Qingdao, China	Storage services	51%	—	51%	Set-up or investment
Assets Management	Limited Liability Company	Qingdao, China	Qingdao, China	Assets management	100%	—	100%	Set-up or investment
Lianxin Logistics (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	—	58%	58%	Set-up or investment
Weifang Port Lianhua Storage Co., Ltd. ("Weifang Port Lianhua") (i)	Limited Liability Company	Weifang, China	Weifang, China	Storage Services	—	100%	100%	Set-up or investment

(i) The Company indirectly holds 100% of equity interests of Port Engineering Design Institute through Qingdao Port Engineering and Weifang Port Lianhua of 100% through Lianhua Pipeline. Besides, the Company indirectly hold equity interests of Yitong Logistics, International Logistics, Bulk Cargo Logistics, Jieyuntong Logistics, Jiefeng Logistics, Lianjie Logistics, Lianyu Logistics, QDP CTC, Pulp Logistics and Lianxin Logistics with shareholding of 65%, 60%, 51%, 51%, 51%, 58%, 60%, 100%, 55% and 58% respectively.

(ii) The percentage of shareholding in Mercuria Storage held by the Company is 65%. The decisions on Mercuria Storage's relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Mercuria Storage, so the voting rights held by the Company is 60%.

The percentage of shareholding in Eimskip Coldchain held by the Company is 70%. The decisions on Yizhihang Cold-chain's relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Eimskip Coldchain, so the voting rights held by the Company is 60%.

(iii) As at 30 June 2016, these subsidiaries have been set up but not start operation.

(iv) The percentage of shareholding in Financial Leasing held by the Company and International Development is 75% and 25% respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiary (Continued)

(b) Subsidiary with significant minority interests

Subsidiaries	Shareholding of minority shareholders	Gains and losses attributable to minority interests	Dividends declared to minority interests	30 June 2016 Minority interests (Unaudited)
		for the six months ended 30 June 2016 (Unaudited)	for the six months ended 30 June 2016 (Unaudited)	
QDP Finance	30%	24,996,310	—	370,382,107
Mercuria Logistics (i)	42%	2,616,647	—	192,516,649
Datang Port	49%	(329,204)	—	163,390,920
Dongjiakou General Terminal (ii)	21%	—	—	120,001,304

(i) In accordance with the joint investment agreement, the percentage of shareholding in Mercuria Logistics held by minority shareholders is 49%. As at 30 June 2016, minority shareholders has not completed capital contributions and the actual percentage of shareholding is 42%.

(ii) In accordance with the joint investment agreement, the percentage of shareholding in Dongjiakou General Terminal held by minority shareholders is 20%. As at 30 June 2016, the Company has not completed capital contributions, thus the actual percentage of minority shareholders is 21%.

The major financial information of the material non-fully-owned subsidiaries of the Group is listed below:

	30 June 2016 (Unaudited)				31 December 2015			
	QDP Finance	Mercuria Logistics	Datang Port	Dongjiakou General Terminal	QDP Finance	Mercuria Logistics	Datang Port	Dongjiakou General Terminal
Current assets	8,448,131,481	57,735,905	42,709,826	146,048,320	7,389,088,250	62,603,174	75,454,026	—
Non-current assets	2,390,681,725	931,066,912	780,308,178	982,073,834	1,923,464,698	933,782,185	639,106,488	—
Total assets	10,838,813,206	988,802,817	823,018,004	1,128,122,154	9,312,552,948	996,385,359	714,560,514	—
Current liabilities	(9,598,418,563)	(194,558,112)	(234,546,460)	(552,675,050)	(8,155,479,338)	(347,931,565)	(111,817,125)	—
Non-current liabilities	(5,787,620)	(332,918,882)	(255,020,688)	—	(5,787,620)	(192,647,240)	(268,620,687)	—
Total liabilities	(9,604,206,183)	(527,476,994)	(489,567,148)	(552,675,050)	(8,161,266,958)	(540,578,805)	(380,437,812)	—

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

8 INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiary (Continued)

(b) Subsidiary with significant minority interests (Continued)

	Six months ended 30 June 2016 (Unaudited)				Six months ended 30 June 2015 (Unaudited)			
	QDP Finance	Mercuria Logistics	Datang Port	Dongjiakou General Terminal	QDP Finance	Mercuria Logistics	Datang Port	Dongjiakou General Terminal
Revenue	150,219,770	38,090,693	104,200	—	140,891,277	53,902,730	—	—
Net profit	83,321,033	5,340,096	(671,846)	—	72,210,951	5,497,588	—	—
Total comprehensive income	83,321,033	5,340,096	(671,846)	—	72,210,951	5,497,588	—	—
Cash flows from operating activities	575,996,142	(1,623,234)	95,960	—	(138,522,766)	1,340,973	—	—

(2) Interests in joint ventures and associates

(a) General information of material joint ventures

	Major business location	Place of registration	Nature of business	Whether strategic to the Group's activities	Shareholding (%)	
					Direct	Indirect
Qianwan Container (i)	Qingdao, China	Qingdao, China	Container stevedoring and stacking	Yes	31%	—
Shihua Crude Oil	Qingdao, China	Qingdao, China	Liquid bulk stevedoring and stacking	Yes	50%	—

The Group use the equity method for the above equity investment.

- (i) The highest authority of Qianwan Container is the Board. In accordance with the articles of association, all major matters of Qianwan Container should be unanimously approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

8 INTERESTS IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(b) Summarised financial information of material joint ventures:

	30 June 2016 (Unaudited)		31 December 2015	
	Shihua Crude Oil	Qianwan Container	Shihua Crude Oil	Qianwan Container
Current assets	164,284,301	2,265,838,578	157,257,411	1,442,148,872
Including: Cash and cash equivalents	51,515,775	1,233,115,255	138,009,446	784,797,695
Non-current assets	2,828,209,881	8,442,195,378	2,892,034,987	8,041,859,007
Total assets	2,992,494,182	10,708,033,956	3,049,292,398	9,484,007,879
Current liabilities	(231,953,535)	(1,622,192,757)	(494,593,194)	(961,111,901)
Non-current liabilities	—	(3,099,353,470)	—	(2,503,803,470)
Total liabilities	(231,953,535)	(4,721,546,227)	(494,593,194)	(3,464,915,371)
Minority interests	—	(421,326,554)	—	(325,949,720)
Net assets attributable to owners of the joint ventures	(2,760,540,647)	(5,565,161,175)	(2,554,699,204)	(5,693,142,788)
Shares of net assets in proportion (ii)	1,380,270,324	1,725,199,964	1,277,349,602	1,764,874,264
Adjustments				
– Unrealised profit	(84,456,340)	—	(87,516,807)	—
Carrying amount of investment in joint ventures	1,295,813,984	1,725,199,964	1,189,832,795	1,764,874,264
	Six months ended 30 June 2016(Unaudited)		Six months ended 30 June 2015(Unaudited)	
	Shihua Crude Oil	Qianwan Container	Shihua Crude Oil	Qianwan Container
Revenue	499,955,510	1,596,121,397	414,532,700	1,534,829,417
Finance expenses - net	(1,720,450)	(37,002,517)	1,321,179	(61,476,513)
Income tax expenses	(68,334,648)	(258,887,740)	(59,608,153)	(245,557,445)
Net profit	204,667,108	829,859,582	180,681,615	722,730,116
Net profit attributable to owners of the joint ventures	204,667,108	820,971,713	180,681,615	726,654,987
Other comprehensive income	—	—	—	—
Total comprehensive income	204,667,108	820,971,713	180,681,615	726,654,987
Dividends received from joint ventures by the Group in the current period	—	295,718,494	—	384,959,209
Dividends declared by joint ventures in the current period	—	295,718,494	—	384,959,209

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

8 INTERESTS IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(b) Summarised financial information of material joint ventures: (Continued)

- (ii) The share of the net asset of the joint ventures was calculated by the share proportion of the Group, based on the equity attributable to shareholders of the joint ventures in the consolidated financial statement of the joint ventures, adjusted accordingly to the fair value of the identifiable assets and liabilities of the joint ventures at the acquisition date and conformed to accounting policies of the Group.

(c) The associate is immaterial to the Group.

(d) Summarised financial information of immaterial joint ventures and associates

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Joint ventures:		
Aggregated carrying amount of investments	1,731,401,282	1,629,498,606
Aggregate of the following items in proportion		
Net profit (i)	42,304,742	36,166,939
Other comprehensive income (i)	—	—
Total comprehensive income	<u>42,304,742</u>	<u>36,166,939</u>
An associate:		
Aggregated carrying amount of investments	5,383,382	5,367,810
Aggregate of the following items in proportion		
Net profit (i)	794,749	673,483
Other comprehensive income (i)	—	—
Total comprehensive income	<u>794,749</u>	<u>673,483</u>

- (i) The net profit and other comprehensive income have been adjusted accordingly to the fair value of the identifiable assets and liabilities of the joint ventures at the acquisition date and conformed to accounting policies of the Group.

As at 30 June 2016, the Group's management considers there is no indication that the long-term equity investments may be impaired, therefore no provision for impairment is required (31 December 2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

9 SEGMENT INFORMATION

The Group's management assesses the Group's performance and determines reportable segments by service category. Different service categories require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation to these segments and to assess their performance.

The Group identified 6 reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management.
- Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, dry bulk and other cargo, storage and port management.
- Liquid bulk handling and ancillary services: loading and discharging of liquid bulk, storage and port management.
- Logistics and port value-added services: provision of cargo logistics, agency, towing, tallying and other services.
- Port ancillary services: provision of facilities construction services and manufacturing of port related equipment and others.
- Financial services: provision of financial products and services including provision of deposit taking activities, corporate loans, financial leasing, guarantee, insurance services and others.

The Group's major operational activities are carried out in Mainland China. The Group's management does not separately manage the production and operation by region. Therefore, segment performance is not separately presented by region.

Inter-segment transfer prices are mutually agreed with reference to the market price. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

9 SEGMENT INFORMATION (Continued)

(a) Segment information for the six months ended 30 June 2016 and as at 30 June 2016 is listed as follows (Unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	95,461,170	1,364,350,562	55,815,887	1,597,727,856	998,826,183	146,974,318	—	—	4,259,155,976
Inter-segment revenue	—	46,560,888	—	8,285,582	374,779,778	10,213,046	—	(439,839,294)	—
Cost of sales	(36,203,042)	(936,463,173)	(8,466,237)	(1,020,294,873)	(743,246,930)	(18,691,427)	—	—	(2,763,365,682)
Interest income	—	1,217,622	221,308	3,380,360	1,079,726	156,739	51,268,814	(28,827,503)	28,497,066
Interest expenses	—	(6,039,225)	—	(69,963)	(369,313)	—	(39,135,533)	4,492,635	(41,121,399)
Share of profit of an associate and joint ventures	263,276,715	7,482,081	101,012,977	26,855,079	—	—	—	—	398,626,852
Provision for asset impairment losses	—	(114,412)	—	(9,011,406)	(2,099,796)	(7,664,663)	—	—	(18,890,277)
Depreciation and amortisation	(3,767,137)	(120,485,425)	(4,237,471)	(42,027,468)	(65,375,282)	(1,034,771)	(5,998,445)	—	(242,925,999)
Total profit	321,624,843	279,749,302	147,318,367	536,793,754	232,918,779	120,827,240	(61,090,800)	(23,564,612)	1,554,576,873
Income tax expenses	—	(2,186,795)	(128,231)	(100,380,533)	(34,627,775)	(29,563,747)	(139,073,947)	4,204,829	(301,756,199)
Net profit	321,624,843	277,562,507	147,190,136	436,413,221	198,291,004	91,263,493	(200,164,747)	(19,359,783)	1,252,820,674
Total assets	2,053,070,860	9,216,854,244	3,747,705,080	3,356,076,422	5,183,510,043	10,715,054,653	6,746,353,925	(4,264,608,953)	36,754,016,274
Total liabilities	73,090,000	3,158,298,955	1,055,149,053	1,041,652,096	6,833,594,134	9,551,912,990	5,421,771,739	(4,676,811,916)	22,458,657,051
Non-cash expenses other than depreciation and amortisation	—	23,560,000	20,000	6,410,000	17,690,000	10,000	—	—	47,690,000
Long-term equity investments in an associate and joint ventures	1,838,782,850	957,544,951	1,588,976,735	372,494,076	—	—	—	—	4,757,798,612
Additions of non-current assets other than long-term equity investments	—	565,912,605	359,106,864	47,141,374	53,836,420	4,487,895	2,907,836	(35,103,185)	998,289,809

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

9 SEGMENT INFORMATION (Continued)

(a) Segment information for the six months ended 30 June 2015 and as at 30 June 2015 is listed as follows (Unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	97,188,215	1,462,243,591	52,774,058	1,120,120,150	829,068,185	141,958,144	—	—	3,703,352,343
Inter-segment revenue	—	13,445,381	—	3,133,265	302,021,266	1,466,785	—	(320,066,697)	—
Cost of sales	(32,634,042)	(1,075,130,547)	(8,897,815)	(726,464,535)	(611,461,686)	(15,197,966)	—	—	(2,469,786,591)
Interest income	—	640,218	—	3,258,615	780,483	73,233	21,466,354	(22,114,007)	4,104,896
Interest expenses	—	(2,897,639)	—	(136,889)	—	—	(3,550,249)	2,184,832	(4,399,945)
Share of profit of an associate and joint ventures	236,652,890	(2,382,599)	88,820,534	27,543,624	—	—	—	—	350,634,449
Provision for asset impairment losses	—	(7,185,621)	—	(1,925,313)	(1,108,453)	(3,525,600)	—	—	(13,744,987)
Depreciation and amortisation	(6,559,827)	(108,636,816)	(4,225,409)	(41,647,567)	(69,013,025)	(949,246)	(7,867,205)	2,132,147	(236,766,948)
Total profit	448,740,990	263,212,103	132,397,036	380,787,319	152,236,846	98,338,322	(64,992,798)	(10,142,777)	1,400,577,041
Income tax expenses	—	(1,716,322)	—	(41,941,518)	(40,441,960)	(24,589,581)	(169,974,945)	3,584,479	(275,079,847)
Net profit	448,740,990	261,495,781	132,397,036	338,845,801	111,794,886	73,748,741	(234,967,743)	(6,558,298)	1,125,497,194
Total assets	1,894,114,559	8,297,930,336	2,966,432,639	2,591,598,408	4,863,217,388	5,855,057,419	4,368,401,342	(2,560,510,713)	28,276,241,378
Total liabilities	74,040,000	3,008,868,403	444,810,748	742,832,997	6,901,942,726	4,729,890,668	2,688,497,330	(3,059,980,827)	15,530,902,045
Non-cash expenses other than depreciation and amortisation	—	29,760,000	40,000	7,990,000	21,860,000	10,000	—	—	59,660,000
Long-term equity investments in an associate and joint ventures	1,673,032,399	928,766,719	1,499,295,687	322,280,664	—	—	—	—	4,423,375,469
Additions of non-current assets other than long-term equity investments	—	531,737,139	63,789,662	27,936,442	24,399,055	—	2,179,060	(9,404,682)	640,636,676

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

9 SEGMENT INFORMATION (Continued)

- (c) Reconciliation between reportable segment revenue from external customers, reportable segment interest income, reportable segment cost of sales and reportable segment interest expenses and amounts in consolidated financial statements is listed as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Revenue -		
Reportable segment revenue from external customers	4,259,155,976	3,703,352,343
Reclassification of interest income of QDP Finance (i)	(137,236,955)	(139,424,491)
Consolidated revenue (Note 6(36))	<u>4,121,919,021</u>	<u>3,563,927,852</u>
Interest income -		
Reportable segment interest income	28,497,066	4,104,896
Reclassification of interest income of QDP Finance (i)	137,236,955	139,424,491
Consolidated interest income (Note 6(38))	<u>165,734,021</u>	<u>143,529,387</u>
Cost of sales -		
Reportable segment cost of sales	2,763,365,682	2,469,786,591
Reclassification of interest expenses of QDP Finance (ii)	(20,758,536)	(14,801,799)
Consolidated cost of sales (Note 6(36))	<u>2,742,607,146</u>	<u>2,454,984,792</u>
Interest expenses -		
Reportable segment interest expenses	41,121,399	4,399,945
Reclassification of interest expenses of QDP Finance (ii)	20,758,536	14,801,799
Consolidated interest expenses (Note 6(38))	<u>61,879,935</u>	<u>19,201,744</u>

- (i) Reportable segment revenue from external customers includes interest income of QDP Finance, which is presented as financial expenses - interest income in the consolidated financial statements.
- (ii) Reportable segment interest expenses do not include interest expenses of QDP Finance, which are presented as cost of sales in segment information.

The Group's main revenue from external customers and additions to non-current assets other than financial assets and deferred tax assets are all gained or located in China.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) General information of the parent company

	Place of registration	Nature of business
Qingdao Port Group	Qingdao, China	Port operation and management
The Company's ultimate controlling party is State-Owned Assets Supervision and Administration Commission of Qingdao City.		

(b) Registered capital and changes in registered capital of the parent company

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Qingdao Port Group	1,860,000,000	—	—	1,860,000,000

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	30 June 2016 (Unaudited)		31 December 2015	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
Qingdao Port Group	73.84%	73.84%	73.71%	73.71%

(2) Subsidiaries

The general information and other related information of the subsidiaries is set out in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) Information of joint ventures and associates

Except for the information of significant joint ventures and associates disclosed in Note 8, other joint ventures and associates with which the Group having related party transactions are as follows:

Name of company	Relationship with the Group
Qianwan West United	Joint venture
Qingwei Container	Joint venture
Vopak Logistics	Joint venture
Evergreen Container	Joint venture
Orient Container	Joint venture
Bay Liquid Chemical	Joint venture
Bonded Logistics Centre	Joint venture
Ganghai Logistics	Joint venture
Shenzhouxing Transportation	Joint venture
China Shipping Agency	Joint venture
United Shipping Agency	Joint venture
Huaneng Port Operation	Joint venture
Dongjiakou IMC Logistics	Joint venture
Dongjiakou Ore Terminal	Joint venture
Linyi Express	Joint venture
Henan Yuqing	Joint venture
Dongjiakou Sinotrans Logistics	Joint venture
Gang Yuntai Logistics	Joint venture
Lianrong Logistics	Joint venture
Binzhou Port QDP International Terminal	Joint venture
Ganghua Logistics	Associate

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties

Name of company	Relationship with the Group
Qingdao Port Public Security Bureau	Controlled by the same parent company
Qingdao Port (Group) Tongda Industrial Corporation ("Tongda Industrial")	Controlled by the same parent company
Qingdao Harbour Vocational and Technical College ("QHVTC")	Controlled by the same parent company
Qingdao Fuwai Cardiovascular Hospital Co., Ltd. ("Fuwai Hospital")	Controlled by the same parent company
Qingdao Hongyu Grand Hotel ("Hongyu Hotel")	Controlled by the same parent company
Qingdao Laoshan Scenic Spot Yingzhu Holiday Village	Controlled by the same parent company
QDP Investment	Controlled by the same parent company
Qingdao Passenger Liner Home Port Co., Ltd. ("Passenger Liner Home Port")	Controlled by the same parent company
Qingdao Gangsheng International Logistics and Refrigeration Co., Ltd. ("Gangsheng Logistics")	Associate of the parent company
New Qianwan Container	Subsidiary of Qianwan Container, and with same key management
Qianwan United Container	Joint venture of New Qianwan Container and with same key management
Qingdao Qianwan United Advanced Container Terminal Co., Ltd. ("Qianwan United Advanced Container")	Joint venture of Qianwan United Container and with same key management
Qingdao Qianwan Intelligent Container Terminal Co., Ltd. ("Qianwan Intelligent Container")	Subsidiary of New Qianwan Container, and with same key management
China Qingdao Ocean Shipping Agency Co., Ltd. ("Qingdao Ocean Shipping Agency") (i)	Related party of one subsidiary's minority shareholder
China Marine Bunker Qingdao Co., Ltd. ("China Marine Bunker Qingdao") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
Qingdao Gangwan International Logistics Co., Ltd. ("Gangwan Logistics") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
Shanghai Pan-Asia Shipping Co., Ltd. ("Shanghai Pan-Asia Shipping") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
COSCO Southeast Asia Co., Ltd. ("COSCO Southeast Asia") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
Qingdao Yijia Haiye Trading Co., Ltd. ("Yijia Haiye") ⁽ⁱ⁾	Minority shareholder of a subsidiary
Bondex Logistics Co., Ltd. ("Bondex") ⁽ⁱ⁾	Minority shareholder of a subsidiary
Qingdao Ocean Shipping Daya Logistics Co., Ltd. ("Ocean Shipping Daya") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
COSCO Container Lines Co., Ltd. ("COSCO Container Lines") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
COSCO Shipping (Hong Kong) Investment & Development Co., Ltd. ("COSCO Shipping Investment") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
Qingdao Zhonghuo International Logistics Co., Ltd. ("Zhonghuo International Logistics") ⁽ⁱ⁾	Related party of one subsidiary's minority shareholder
Qingdao Dongjiakou Mineral Inspection Co., Ltd. ("Dongjiakou Mineral Inspection")	Joint venture of Dongjiakou Ore Terminal and with same key management

- (i) Qingdao Ocean Shipping Tally is not identified as the Company's material subsidiary since its influence on the consolidated financial statement has declined year by year, thus its minority shareholder's related parties will not be treated as the Group's related parties since 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions

(a) Pricing policies

The transaction between the Group and related parties is based on mutually agreed price and settlement terms between both parties in the process of general business. Rental from and to related parties are negotiated by both parties. Interest rate of loans to and deposits from related parties of QDP Finance, is mutually agreed based on the corresponding interest rates issued by the People's Bank of China.

(b) Purchase of goods or services

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou Ore Terminal	260,257,604	327,969,517
Qianwan West United	32,222,322	3,064,041
Huaneng Port Operation	18,254,322	1,734,704
Qianwan United Container	4,288,363	357,914
Bonded Logistics Center	2,565,003	4,384
Qianwan Container	2,329,287	2,272,815
Fuwai Hospital	886,874	1,072,388
China Marine Bunker Qingdao	—	95,703,417
Tongda Industrial	—	2,737,645
Gangsheng Logistics	—	1,016,825
Others	5,327,060	3,126,120
	326,130,835	439,059,770

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Provision of services such as transportation, stevedoring and repairing

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan Container	86,115,182	89,213,152
Dongjiakou Ore Terminal	55,705,568	35,201,121
Qianwan United Container	29,475,335	21,713,447
Shihua Crude Oil	20,429,074	2,023,859
Ganghua Logistics	12,863,729	22,827,504
Qianwan United Advanced Container	11,715,263	11,702,210
Evergreen Container	7,274,009	5,008,592
Qingdao Port Group	7,193,197	310,410
Qianwan West United	6,437,005	3,359,489
Shenzhouxing Transportation	5,877,527	2,452,437
QDP Investment	5,107,979	885,028
Passenger Liner Home Port	3,576,110	—
Orient Container	3,028,777	3,189,383
Qianwan Intelligent Container	2,598,101	860,123
Bonded Logistics Center	2,509,092	62,854
Lianrong Logistics	1,975,249	—
Gang Yuntai Logistics	1,643,737	2,267,092
Binzhou Port QDP International Terminal	1,576,577	12,457
China Shipping Agency	820,272	372,836
Ganghai Logistics	649,009	1,076,961
Others	2,124,301	2,321,064
	268,695,093	204,860,019

Tongze Trading provides purchase agency service for related parties, and transactions amounts listed above include the agency fee from related parties.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(d) Provision of construction services

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
New Qianwan Container	164,260,756	32,790,650
Dongjiakou Ore Terminal	98,546,178	42,661,420
QDP Investment	32,706,094	135,031,296
Qingdao Port Group	26,206,482	149,081
QHVTC	12,476,050	500,000
Shihua Crude Oil	7,671,540	1,789,884
Fuwai Hospital	6,147,535	—
Qianwan Container	3,628,063	5,954,275
Qianwan United Container	1,860,815	2,220,245
Others	7,089	687,118
	353,510,602	221,783,969

(e) Sales of port machinery

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan Intelligent Container	120,508,689	—
Qianwan Container	9,371,368	53,067,265
Dongjiakou Ore Terminal	4,707,447	33,032,855
Qianwan United Container	492,308	—
	135,079,812	86,100,120

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(f) Sales of water, electricity, steam and oil, etc.

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou Ore Terminal	54,376,342	46,947,562
Qianwan Container	52,969,925	49,046,659
Shihua Crude Oil	4,552,397	4,829,141
Qianwan West United	4,196,268	8,314,357
Qianwan United Container	2,555,034	3,231,713
Evergreen Container	1,632,101	1,584,625
Huaneng Port Operation	739,286	1,657,344
Bay Liquid Chemical	484,063	1,330,565
Others	6,272,781	5,241,742
	127,778,197	122,183,708

(g) Rental income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan Container	99,488,710	99,502,995
Shihua Crude Oil	16,110,000	1,110,000
Bonded Logistics Centre	4,457,143	7,250,000
Evergreen Container	3,059,193	3,060,050
Orient Container	3,042,700	2,363,150
Shenzhouxing Transportation	2,845,120	1,646,154
New Qianwan Container	1,315,880	1,259,470
others	1,179,781	999,932
	131,498,527	117,191,751

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(h) Payment for operating lease rentals

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qingdao Port Group	37,998,624	32,867,454
Others	795,000	470,428
	<u>38,793,624</u>	<u>33,337,882</u>

(i) Port Management income collected on behalf by related parties

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan Container	38,245,438	40,871,099
Shihua Crude Oil	32,818,917	34,227,473
Qianwan United Container	12,421,564	11,239,677
Qianwan West United	3,055,223	4,674,948
Qianwan United Advanced Container	2,578,977	4,138,127
	<u>89,120,119</u>	<u>95,151,324</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(j) Loans provided to related parties

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou Ore Terminal	769,606,317	39,500,000
Qianwan United Container	675,000,000	—
New Qianwan Container	598,280,370	52,780,000
Qianwan West United	140,000,000	90,000,000
Huaneng Port Operation	60,000,000	60,000,000
Bay Liquid Chemical	23,862,011	—
Gang Yuntai Logistics	10,000,000	40,000,000
	2,276,748,698	282,280,000

(k) Interests income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan United Container	32,180,435	—
New Qianwan Container	9,069,572	3,226,038
Qianwan West United	4,997,279	2,436,524
Dongjiakou Ore Terminal	8,713,815	1,432,138
Huaneng Port Operation	1,291,086	408,000
Shihua Crude Oil	2,257,167	—
Others	808,215	718,046
	59,317,569	8,220,746

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(l) Interests expenses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qingdao Port Group	11,783,544	3,738,829
Qianwan Container	3,160,078	5,946,811
Qianwan United Container	1,100,002	579
Shihua Crude Oil	503,757	1,262,884
Others	3,947,462	3,523,401
	<u>20,494,843</u>	<u>14,472,504</u>

(m) Transfer of assets

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou Ore Terminal	—	32,531,313

(n) Acquisition of assets

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
QDP Investment	58,654,924	140,836,600
Qingdao Port Group	—	68,620,550
	<u>58,654,924</u>	<u>209,457,150</u>

(o) Acquisition of Tugboat Business

The Group acquired Tugboat Business from QPIS in March 2016, relevant disclosure are set out in Note 7(1)d.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(p) Key management remuneration

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Key management remuneration	1,221,382	1,401,488

(q) Entrusted construction projects

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Amount paid on behalf -		
New Qianwan Container	164,403,987	240,100
Qingdao Port Group	85,068,459	449,446,910
Shihua Crude Oil	7,834,502	57,321,741
	257,306,948	507,008,751
Amount received -		
New Qianwan Container	106,799,044	—
Qingdao Port Group	89,739,054	323,014,394
Shihua Crude Oil	6,684,116	93,994,216
Qianwan United Container	4,536,219	—
	207,758,433	417,008,610

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

- (r) **Port construction levies, harbour dues and port facility security fees collected on behalf of related parties and reimbursed to related parties**

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Collected on behalf of related parties -		
Qianwan Container	262,569,000	183,080,000
Qianwan United Container	104,631,000	63,988,000
Qianwan United Advanced Container	22,107,000	13,520,000
	389,307,000	260,588,000
Reimbursed to related parties -		
Qianwan Container	261,904,000	181,230,000
Qianwan United Container	99,326,000	60,743,000
Qianwan United Advanced Container	21,002,000	12,835,000
	382,232,000	254,808,000

- (s) **Early retirement and supplemental retirement benefits paid on behalf of related parties**

For the year ended 2014 and 2015, Qingdao Port Group transferred liabilities of RMB63,990,000 provided for early retirement and supplemental retirement benefits to the Group, so as to offset the Group's payable to Qingdao Port Group. The Group will pay off the liability on behalf of Qingdao Port Group in the future.

For the six months ended 30 June 2016, the Group had paid the early retirement and supplemental retirement benefits of RMB1,902,256 on behalf of Qingdao Port Group (2015: RMB46,902).

The Group will continue to manage and settle the payment on behalf of Qingdao Port Group since 1 July 2016. The current portion of this liability is presented in other payables while the remaining parts in long-term payables (Note 6(27)).

- (t) **Issuance of notes and letter of guarantee**

Please refer to Note 11(4) for notes and letter of guarantee issued to related parties by QDP Finance, the Company's subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Receivables from and payables to related parties

(a) Accounts receivable

	30 June 2016 (Unaudited)	31 December 2015
QDP Investment	81,454,327	114,980,298
Qingdao Port Group	31,401,932	19,135,360
Qianwan Container	29,441,573	47,048,795
Dongjiakou Ore Terminal	28,438,625	27,831,494
New Qianwan Container	16,712,965	—
Qianwan United Container	15,985,976	15,849,828
Shihua Crude Oil	13,532,802	5,598,037
Qianwan West United	12,713,221	11,938,408
Fuwai Hospital	9,869,252	3,718,009
Evergreen Container	2,784,751	1,817,540
Ganghua Logistics	2,161,145	1,052,783
Gangrong Logistics	1,912,295	—
Dongjiakou IMC Logistics	1,822,655	1,800,000
Qianwan United Advanced Container	1,338,287	2,259,836
Orient Container	1,215,294	1,190,511
Bay Liquid Chemical	1,101,601	1,074,802
COSCO Container Lines	—	2,449,929
Bondex	—	1,564,199
Qianwan Intelligence Container	173,749	12,188,017
Others	4,843,945	4,445,798
	256,902,883	275,943,644

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Receivables from and payables to related parties (Continued)

(b) Other receivables

Short-term loans -

	30 June 2016 (Unaudited)	31 December 2015
Dongjiakou Ore Terminal	108,106,317	98,000,000
Qianwan West United	80,000,000	84,000,000
Huaneng Port Operation	60,000,000	60,000,000
Gang Yuntai Logistics	20,000,000	20,060,000
Bay Liquid Chemical	902,400	—
Shihua Crude Oil	—	210,000,000
	269,008,717	472,060,000

Others -

	30 June 2016 (Unaudited)	31 December 2015
New Qianwan Container	167,561,531	99,734,179
Dongjiakou Ore Terminal	22,696,209	—
Shihua Crude Oil	15,576,725	13,818,316
Gang Yuntai Logistics	15,535,049	13,945,588
Qianwan United Container	6,303,757	9,698,560
Qianwan Container	1,690,058	7,905,535
Ocean Shipping Daya	—	1,350,001
Huaneng Port Operation	—	2,198,569
Evergreen Container	—	1,300,000
Others	2,375,605	2,158,415
	231,738,934	152,109,163

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Receivables from and payables to related parties (Continued)

(c) Interests receivable

	30 June 2016 (Unaudited)	31 December 2015
Qianwan United Container	2,239,757	1,589,271
New Qianwan Container	1,064,244	427,085
others	1,369,745	564,218
	<u>4,673,746</u>	<u>2,580,574</u>

(d) Advances to suppliers

	30 June 2016 (Unaudited)	31 December 2015
Qianwan West United	3,064,693	1,925,809
Others	28,440	901,175
	<u>3,093,133</u>	<u>2,826,984</u>

(e) Current portion of non-current assets

	30 June 2016 (Unaudited)	31 December 2015
Dongjiakou Ore Terminal	23,000,000	22,000,000
Qianwan West United	23,000,000	11,000,000
Qianwan United Container	20,000,000	10,000,000
Gang Yuntai Logistics	9,200,000	4,100,000
New Qianwan Container	3,924,193	2,267,934
Bay Liquid Chemical	171,938	—
	<u>79,296,131</u>	<u>49,367,934</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Receivables from and payables to related parties (Continued)

(f) Long-term receivables

	30 June 2016 (Unaudited)	31 December 2015
Qianwan United Container	1,745,000,000	1,085,000,000
Dongjiakou Ore Terminal	916,069,419	196,096,770
New Qianwan Container	859,010,000	263,460,000
Qianwan West United	191,500,000	129,000,000
Bay Liquid Chemical	22,780,000	—
Gang Yuntai Logistics	16,600,000	23,800,000
	<u>3,750,959,419</u>	<u>1,697,356,770</u>

(g) Accounts payable

	30 June 2016 (Unaudited)	31 December 2015
Dongjiakou Ore Terminal	167,683,013	271,362,830
Huaneng Port Operation	17,487,807	13,142,085
Qianwan West United	3,284,975	280,620
China Shipping Agency	1,674,717	2,498,152
QDP Investment	43,175	1,362,790
China Marine Bunker Qingdao	—	25,492,000
Bondex	—	4,787,994
Qianwan United Container	—	4,343,866
Others	2,248,135	1,428,331
	<u>192,421,822</u>	<u>324,698,668</u>

(h) Advances from customers

	30 June 2016 (Unaudited)	31 December 2015
Qianwan Container	199,671,375	197,421,375
New Qianwan Container	3,691,940	2,518,940
Evergreen Container	3,276,997	853,540
Orient Container	3,085,161	730,938
Shihua Crude Oil	2,220,000	2,220,000
QHVTC	1,560,000	1,918,455
Shenzhouxing Transportation	1,422,560	—
Qianwan United Container	1,210,360	1,210,360
Others	1,513,937	819,119
	<u>217,652,330</u>	<u>207,692,727</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Receivables from and payables to related parties (Continued)

(i) Other payables

Ending balance of customer deposits -

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Group	4,498,528,698	4,455,662,104
Qianwan Container	557,254,241	702,256,187
QDP Investment	344,751,603	161,684,496
New Qianwan Container	202,824,522	9,440,104
Fuwai Hospital	112,560,217	123,177,725
Qianwan United Container	93,010,236	169,973,677
Shihua Crude Oil	91,372,313	137,980,293
QHVTC	79,001,911	92,768,729
Passenger Liner Home Port	78,966,117	78,197,094
Qianwan Intelligent Container	75,246,958	71,003,036
Qianwan United Advanced Container	30,965,648	10,303,539
Ganghua Logistics	30,298,376	34,691,094
Dongjiakou Sinotrans Logistics	28,786,704	66,114,561
Dongjiakou IMC Logistics	24,133,140	2,404,823
Ganghai Logistics	20,369,086	23,006,956
Qianwan West United	20,292,421	23,626,850
Orient Container	17,000,000	17,000,000
Gangsheng Logistics	15,257,789	15,251,132
Dongjiakou Ore Terminal	13,341,317	8,315,122
Evergreen Container	12,184,448	12,160,254
Gang Yuntai Logistics	11,863,716	12,437,530
Lianrong Logistics	9,540,971	—
Dongjiakou Mineral Inspection	4,429,787	5,162,652
Qingdao Port Public Security Bureau	4,034,181	2,881,096
Harbour Hospital	3,621,023	16,758,137
Vopak Logistics	2,730,895	3,051,787
Tongda Industrial	1,795,258	1,992,923
Binzhou Port QDP International Terminal	1,015,764	1,015,736
Bay Liquid Chemical	944,424	14,999,965
Others	1,921,313	1,256,582
	6,388,043,077	6,274,574,184

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Receivables from and payables to related parties (Continued)

(i) Other payables

Others -

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Group	361,961,414	361,200,034
QDP Investment	103,097,262	153,492,893
Qianwan Container	13,494,270	11,761,039
Qianwan United Container	5,691,333	5,719,796
Qianwan United Advanced Container	996,547	1,935,550
Others	2,046,503	2,556,603
	<u>487,287,329</u>	<u>536,665,915</u>

(j) Interests payable

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Group	6,626,574	2,456,720
Qianwan Container	1,515,801	2,249,008
Passenger Lines Home Port	976,191	531,624
Others	1,110,565	1,192,245
	<u>10,229,131</u>	<u>6,429,597</u>

(k) Dividends payable

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Group	<u>489,864,655</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Receivables from and payables to related parties (Continued)

(l) Other non-current liabilities

	30 June 2016 (Unaudited)	31 December 2015
Qianwan Container	3,309,325,623	3,408,036,311
New Qianwan Container	56,676,150	57,935,620
Qianwan United Container	17,953,673	18,558,853
Shihua Crude Oil	3,330,000	4,440,000
	<u>3,387,285,446</u>	<u>3,488,970,784</u>

(m) Notes payable

	30 June 2016 (Unaudited)	31 December 2015
Dongjiakou Ore Terminal - Bank acceptance notes	25,000,000	—
Dongjiakou Ore Terminal - Trade acceptance notes	20,000,000	—
Qingdao Port Group - Trade acceptance notes	—	14,986,466
	<u>45,000,000</u>	<u>14,986,466</u>

(n) Long-term payables

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Group	<u>489,154,297</u>	<u>489,154,297</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Commitments in relation to related parties

Except for the port facilities in Qianwan port area leased out to Qianwan Container and dock basin leased to New Qianwan Container and Qianwan United Container stated in Note 6(29), the commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet date are as follows:

Leases - Lessor

	30 June 2016 (Unaudited)	31 December 2015
Shenzhouxing Transportation	8,535,360	9,957,920
Gangwan Logistics	6,230,250	8,307,000
Evergreen Container	3,948,872	5,265,162
Orient Container	3,894,450	5,192,600
Ocean Shipping Daya	—	4,050,000
	22,608,932	32,772,682

(8) Off-balance sheet activities

As entrusted by related parties, the Company's subsidiary, QDP Finance, offers entrusted loans to other designated related parties. For the six months ended 30 June 2016, QDP Finance has no new entrusted loan business (For the six months ended 30 June 2015: principal of entrusted loan amounted to RMB1,684,843,470). As at 30 June 2016, entrusted loans amounted to RMB1,384,343,470 (31 December 2015: RMB1,388,343,470). Maturity of entrusted loans aforesaid ranged from 1 year to 10 years. If the principal and interest of entrusted loans cannot be recovered, the risk is borne by the entrusted loan fund provider rather than QDP Finance. Entrusted loans aforesaid are classified into off-balance sheet items. Therefore, related balances of receivable and payable are not recognised in the consolidated financial statements. Management are of the view that the entrusted loans arrangement aforesaid will not expose the Group to any significant credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

11 COMMITMENTS

(1) Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognised on the balance sheet are as follows:

	30 June 2016 (Unaudited)	31 December 2015
Terminal facilities	<u>382,945,420</u>	<u>462,437,945</u>

(2) Operating lease commitments

(a) Operating lease commitments as lessee

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	30 June 2016 (Unaudited)	31 December 2015
Within 1 year	10,189,272	8,449,272
1 to 2 years	9,649,272	8,449,272
2 to 3 years	9,649,272	8,449,272
Over 3 years	13,873,908	14,786,226
	<u>43,361,724</u>	<u>40,134,042</u>

(b) Operating lease commitments as lessor

Except for the operating lease commitments as lessor mentioned in Note 6(29), the future leases received due under the signed irrevocable operating leases contracts are summarised as follows:

	30 June 2016 (Unaudited)	31 December 2015
Within 1 year	36,902,758	39,797,857
1 to 2 years	16,893,808	25,900,406
2 to 3 years	1,057,267	916,667
Over 3 years	10,259,005	—
	<u>65,112,838</u>	<u>66,614,930</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

11 COMMITMENTS (Continued)

(3) Investment commitments

In accordance with the joint investment agreement signed between the Group and Vopak Terminal DJK B.V. dated May 2012, the Group is committed to make an investment of RMB200,000,000 in the joint venture, Vopak Logistics. As at 30 June 2016, the Company has made an accumulated contribution of RMB144,500,000 with an amount of RMB55,500,000 unpaid.

In accordance with the joint investment agreement signed between the Group and Binzhou Port Group Co., Ltd. dated December 2014, the Group is committed to make an investment of RMB25,000,000 in the joint venture, Binzhou Port QDP International Terminal. As at 30 June 2016, the Company has made an accumulated contribution of RMB4,000,000 with an amount of RMB21,000,000 unpaid.

In accordance with the joint investment agreement signed between the Group and Qingdao Yuanchang Industrial Co., Ltd. dated June 2014, the Group is committed to make an investment of RMB32,000,000 in the joint venture, Gang Yuntai Logistics. As at 30 June 2016, the Company has made an accumulated contribution of RMB16,000,000 with an amount of RMB16,000,000 unpaid.

(4) Credit commitments

As at 30 June 2016, Qingdao Port Group, its subsidiaries and other related parties purchased raw materials and equipment from third parties, thus have issued acceptance notes through QDP Finance with RMB163,782,950 in total (31 December 2015: RMB192,234,792). QDP Finance collected some guarantee from the applicant at certain proportion of the amount issued, and will pay to the third party directly when the notes fall due.

Besides, the Group entered into a construction contract of port facilities with certain related parties. Some related parties requested the Group to issue letter of guarantee to insure that the construction project will be completed in time with required quality as set out in the contract. As at 30 June 2016, QDP Finance issued letter of guarantee with the amount of approximately RMB46,131,000 (31 December 2015: RMB49,131,000) for the purpose aforesaid.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL RISK

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

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Foreign exchange risk arises from transactions denominated in foreign exchange (mainly USD and HKD). Transactions denominated in foreign exchange are not significant. Therefore, the directors of the Group are of the view that the Group's exposure to significant foreign exchange risks would be immaterial.

As at 30 June 2016 and 31 December 2015, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarised below:

	30 June 2016 (Unaudited)			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	79,108,231	43,406,673	3,491	122,518,395
Receivables	15,593,757	—	—	15,593,757
	<u>94,701,988</u>	<u>43,406,673</u>	<u>3,491</u>	<u>138,112,152</u>
Financial liabilities denominated in foreign currency -				
Payables	(5,668,295)	—	—	(5,668,295)
	<u>(5,668,295)</u>	<u>—</u>	<u>—</u>	<u>(5,668,295)</u>
	31 December 2015			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	101,131,371	43,414,821	17,563	144,563,755
Receivables	21,778,801	—	11,960	21,790,761
	<u>122,910,172</u>	<u>43,414,821</u>	<u>29,523</u>	<u>166,354,516</u>
Financial liabilities denominated in foreign currency -				
Payables	(7,086,276)	—	—	(7,086,276)
	<u>(7,086,276)</u>	<u>—</u>	<u>—</u>	<u>(7,086,276)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL RISK (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

As at 30 June 2016, if RMB had strengthened/weakened by 10% against the USD while all other variables had been held constant, the Group's net profit for the period/year would have been approximately RMB6,678,000 (31 December 2015: approximately RMB8,687,000) lower/higher for various financial assets and liabilities denominated in USD, which would have no effect on other comprehensive income.

As at 30 June 2016, if RMB had strengthened/weakened by 10% against the HKD while all other variables had been held constant, the Group's net profit for the period/year would have been approximately RMB3,256,000 (31 December 2015: approximately RMB3,256,000) lower/higher for various financial assets denominated in HKD, which would have no effect on other comprehensive income.

(b) Interest rate risk

The Group's interest rate risk arises from cash at bank and on hand, loans provided to related parties and third parties, customer deposits at QDP Finance, bank borrowings and bonds payable. Except for certain cash at bank and on hand, certain customer deposits at QDP Finance, loans provided to related parties and third parties with fixed interest rate and bonds payable, the amounts aforesaid are all subject to floating interest rate. Financial assets and liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial assets and liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions.

As at 30 June 2016, the Group's interest bearing liabilities included customer deposits at QDP Finance of RMB6,388,043,077 (Note 6(23)), among which RMB6,235,500,477 was subject to floating interest rate and the remaining are subject to fixed interest rate; bonds payable of RMB3,500,000,000 (Note 6(25)) was subject to fixed interest rate; and bank borrowings of RMB427,442,667 (Note 6(17), (24)), among which RMB175,560,687 was subject to floating rates and the remaining are subject to fixed interest rate.

As at 30 June 2016, the Group's interest bearing assets included cash at bank and on hand of RMB8,653,482,836 (Note 6(1)), among which RMB2,060,446,270 was subject to floating interest rate and the remaining are subject to fixed interest rate; and loans provided to related parties and third parties of RMB4,115,110,877 (Note 6(4) (b), Note 6(9)), among which RMB2,323,807,950 was subject to floating rates and the remaining are subject to fixed interest rate.

The Group's head office finance department continuously monitors the interest rate position of the Group. Increases in interest rates will increase the revenue of new interest bearing assets and the interest income with respect to the Group's outstanding floating rate interest bearing assets, and will increase the cost of new liability and the interest expenses with respect to the Group's outstanding floating rate liability, and therefore could have a material effect on the Group's financial position. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. For the period ended 30 June 2016 and the period ended 30 June 2015, the Group did not enter into any interest rate swap agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL RISK (Continued)

(1) Market risk (Continued)

(b) Interest rate risk (Continued)

As at 30 June 2016, if bank interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB658,000 (31 December 2015: approximately RMB686,000).

As at 30 June 2016, if interest rates on cash at bank and on hand, loans provided to related parties and customer deposits at QDP Finance subject to the floating rate borrowings had risen/fallen by 8% while all other variables had been held constant, the Group's net profit would have increased/decreased by approximately RMB2,926,000 (31 December 2015: RMB5,406,000).

(2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank and on hand, accounts receivable, other receivables, notes receivable etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size public-listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit periods on its debtors by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the debtors is regularly monitored by the Group. In respect of debtors with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL RISK (Continued)

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's head office finance department. The Group's head office finance department monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs and to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2016 (Unaudited)				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	251,881,980	—	—	—	251,881,980
Notes payable	443,368,517	—	—	—	443,368,517
Accounts payable	1,516,167,281	—	—	—	1,516,167,281
Other payables	8,351,479,518	—	—	—	8,351,479,518
Dividends payable	664,552,612	—	—	—	664,552,612
Interests payable	27,634,635	—	—	—	27,634,635
Current portion of long-term liabilities	24,456,176	—	—	—	24,456,176
Long-term borrowings	7,434,314	32,204,453	96,069,273	45,202,009	180,910,049
Long-term payables	—	495,314,297	9,240,000	41,706,682	546,260,979
Bonds payable	105,300,000	105,300,000	3,815,900,000	—	4,026,500,000
	<u>11,392,275,033</u>	<u>632,818,750</u>	<u>3,921,209,273</u>	<u>86,908,691</u>	<u>16,033,211,747</u>

	31 December 2015				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	309,384,939	—	—	—	309,384,939
Notes payable	402,427,264	—	—	—	402,427,264
Accounts payable	1,339,560,176	—	—	—	1,339,560,176
Other payables	8,268,129,522	—	—	—	8,268,129,522
Interests payable	7,466,857	—	—	—	7,466,857
Current portion of long-term liabilities	22,917,584	—	—	—	22,917,584
Long-term borrowings	7,875,314	30,789,508	95,054,173	60,497,438	194,216,433
Long-term payables	—	492,234,297	9,240,000	43,608,938	545,083,235
	<u>10,357,761,656</u>	<u>523,023,805</u>	<u>104,294,173</u>	<u>104,106,376</u>	<u>11,089,186,010</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL RISK (Continued)

(3) Liquidity risk (Continued)

Bank and other borrowings are analysed by repayment terms as follows:

	30 June 2016 (Unaudited)	31 December 2015
Within 1 year	389,072,470	340,177,837
1 to 2 years	137,504,453	30,789,508
2 to 5 years	3,911,969,273	95,054,173
Over 5 years	45,202,009	60,497,438
	<u>4,483,748,205</u>	<u>526,518,956</u>

13 FAIR VALUE ESTIMATES

The level of fair value measurement is determined by the lowest level of inputs which has significant impact on fair value management:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

As at 30 June 2016, the Group don't possess financial assets at fair value through profit or loss.

As at 30 June 2015, financial assets at fair value through profit or loss with the amount of RMB200,000,000 (Note 6(2)) is recognised on the basis of unobservable inputs, which belongs to Level 3.

Financial assets and liabilities measured at amortised cost mainly include receivables, payables, bonds payable, long-term borrowings, long-term payables, etc.

Except for financial liabilities listed below, the carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	30 June 2016 (Unaudited)		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities - Long-term payables	<u>546,260,979</u>	<u>493,221,044</u>	<u>489,154,297</u>	<u>446,223,573</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

14 CAPITAL MANAGEMENT

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

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

The Group is not subject to external mandatory capital requirements and monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by interest bearing liabilities deducting cash and cash equivalents. Total assets is calculated by shareholder's equity presented in consolidated balance sheet plus net debt.

As at 30 June 2016 and 31 December 2015, the Group's gearing ratio is as follows:

	30 June 2016 (Unaudited)	31 December 2015
Bank borrowings (Note 6(17), (24))	427,442,667	492,295,626
Customer deposits at QDP Finance (Note 6(23))	6,388,043,077	6,274,574,184
Bonds payable (Note 6(25))	3,500,000,000	—
Less: Cash (Note 6(45) (e))	(5,060,534,359)	(4,762,467,699)
Net liabilities	5,254,951,385	2,004,402,111
Shareholders' equity	14,289,169,953	13,547,895,045
Total capital	19,544,121,338	15,552,297,156
Gearing ratio	27%	13%

15 OTHER EVENTS

As detailed in Note 40 to the consolidated financial statements of the Group for the year ended 31 December 2014 (the "2014 Annual Financial Statements") prepared in accordance with International Financial Reporting Standard, CITIC Australia Commodity Trading Pty Ltd. ("CITIC") and Pacorini Metals (Shanghai) Logistics Co. Ltd. ("Pacorini Logistics") have initiated litigations against a branch of QDP, a branch of the Company, QDP and the Company (collectively the "QDP Relevant Parties") as they have suffered from losses/damages due to the QDP Relevant Parties' refusal to deliver the related cargoes of aluminium/alumina products. Other than those court hearings as mentioned in Note 40 to the 2014 Annual Financial Statements, there is not any further court hearing in respect of these litigations being held up to 30 June 2016.

Given there is no contractual relationship between the Company and CITIC/Pacorini Logistics, the Directors have the consistent view that the aforesaid litigations are without merit and the Company will vigorously contest the allegations made under the respective litigation documents. In addition, QDP has committed to provide compensation to the Company for any damages arising from the judgment which may be rendered against the Company by the Court. Based on these considerations, the Directors are of the view that the aforesaid litigations and the related judgment and order would not impose any adverse impact on the business and operation of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2016 (Unaudited)	31 December 2015
Cash on hand	27,860	106,551
Bank deposits	2,487,464,578	1,404,328,598
Other cash balances	46,791,890	57,212,522
	<u>2,534,284,328</u>	<u>1,461,647,671</u>

As at 30 June 2016, other cash balances includes deposits of RMB46,791,890 for the issuance of acceptance notes of the Company through banks and its subsidiary QDP Finance (31 December 2015: RMB57,212,522). Cash at bank and on hand also includes deposit of RMB2,274,642,287 in QDP Finance (Note 16(34) (d) (xiii)) (31 December 2015: RMB1,100,759,152).

(2) Notes receivable

	30 June 2016 (Unaudited)	31 December 2015
Bank acceptance notes	408,254,946	248,271,836
Trade acceptance notes	264,522,568	381,036,552
	<u>672,777,514</u>	<u>629,308,388</u>

As at 30 June 2016, the Company has no pledged bank acceptance note (31 December 2015: the bank acceptance note with carrying amount of RMB62,731,590 was pledged to bank as collateral for the Company to apply for issuance of acceptance note with amount of RMB62,731,590) (Note 16(16)).

As at 30 June 2016, notes receivable include unmatured trade acceptance notes with recourse of RMB228,939,480 (31 December 2015: RMB309,384,939) that have been discounted. The Company recognises the received discounted amount as short-term borrowings (Note 16(15)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable and other receivables

(a) Accounts receivable

	30 June 2016 (Unaudited)	31 December 2015
Accounts receivable	699,903,017	843,897,311
Less: Provision for bad debts	(52,292,620)	(57,880,471)
	<u>647,610,397</u>	<u>786,016,840</u>

The Company's sales or services are partially made by cash, advances from customers, bank acceptance notes and trade acceptance notes. The remains are settled by providing credit terms from 30 to 90 days.

The ageing of accounts receivable and related provision for bad debts are analysed below:

	30 June 2016 (Unaudited)			31 December 2015		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	674,825,182	96.42%	(48,560,120)	811,565,328	96.17%	(48,865,671)
1 to 2 years	19,740,852	2.82%	(1,340,500)	28,279,483	3.35%	(7,280,550)
2 to 3 years	2,924,483	0.42%	(462,000)	4,052,500	0.48%	(1,734,250)
3 to 4 years	2,412,500	0.34%	(1,930,000)	—	—	—
	<u>699,903,017</u>	<u>100.00%</u>	<u>(52,292,620)</u>	<u>843,897,311</u>	<u>100.00%</u>	<u>(57,880,471)</u>

As at 30 June 2016, accounts receivable overdue but unimpaired are RMB236,464,869 (31 December 2015: RMB150,638,166). The Company expects that these accounts receivable are recoverable by analysing the customers' financial condition and past credit record. The ageing of these accounts receivable is analysed as follows:

	30 June 2016 (Unaudited)	31 December 2015
Within 1 year	215,119,534	127,320,983
1 to 2 years	18,400,352	20,998,933
2 to 3 years	2,462,483	2,318,250
3 to 4 years	482,500	—
	<u>236,464,869</u>	<u>150,638,166</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable and other receivables (Continued)

(a) Accounts receivable (Continued)

Accounts receivable are analysed by customers categories as follows:

	30 June 2016 (Unaudited)			31 December 2015		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Related parties	99,941,805	14.28%	—	103,631,625	12.28%	—
Third parties	599,961,212	85.72%	(52,292,620)	740,265,686	87.72%	(57,880,471)
	699,903,017	100.00%	(52,292,620)	843,897,311	100.00%	(57,880,471)

(b) Other receivables

	30 June 2016 (Unaudited)	31 December 2015
Construction expenditures paid on behalf of subsidiaries(i)	699,333,953	152,012,447
Construction expenditures paid on behalf of other related parties(ii)	186,820,617	121,821,020
Port construction fees receivable	109,866,456	102,712,431
Loans to related parties (iii)	60,000,000	210,000,000
Goods payments on behalf	10,340,778	37,347,632
Deposit and guarantee	7,223,059	11,598,332
Others	15,745,797	31,030,037
	1,089,330,660	666,521,899
Less: Provision for bad debts	(10,903,600)	(1,892,191)
	1,078,427,060	664,629,708

(i) Construction expenditures paid on behalf of subsidiaries are mainly amounts paid on behalf of Mercuria Logistics, Qingdao Port Engineering, Dongjiakou General Terminal, etc.

(ii) Construction expenditures paid on behalf of other related parties are mainly amounts paid on behalf of New Qianwan Container, Qianwan United Container and Shihua Crude Oil.

(iii) As at 30 June 2016, loan of RMB60,000,000 is provided by the Company to its related party - Huaneng Port Operation, with maturity within one year and interest calculated based on bank loan benchmark interest rate downwards by 3% with the corresponding period.

As 31 December 2015, loan of RMB210,000,000 provided by the Company to its related party - Shihua Crude Oil, with maturity within half a year and interest calculated based on bank loan benchmark interest rate with the corresponding period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable and other receivables (Continued)

(b) Other receivables (Continued)

Ageing of other receivables and related provision for bad debts are analysed below:

	30 June 2016 (Unaudited)			31 December 2015		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	1,043,558,845	95.80%	(7,634)	626,485,873	93.99%	(1,892,191)
1 to 2 years	30,242,696	2.78%	(5,703)	39,624,758	5.95%	—
2 to 3 years	15,255,130	1.40%	(10,885,475)	374,768	0.06%	—
3 to 4 years	247,989	0.02%	(4,788)	8,500	0.00%	—
4 to 5 years	3,000	0.00%	—	28,000	0.00%	—
More than 5 years	23,000	0.00%	—	—	—	—
	1,089,330,660	100.00%	(10,903,600)	666,521,899	100.00%	(1,892,191)

As at 30 June 2016, other receivables with ageing over one year are RMB45,771,815 (31 December 2015: RMB40,036,026). The Company makes provision for bad debts at RMB10,895,966 (31 December 2015: Nil) and expects that the rest other receivables are recoverable by analysing the customers' financial condition and past credit record.

(4) Advances to suppliers

The ageing of advances to suppliers is analysed as follows:

	30 June 2016 (Unaudited)		31 December 2015	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	41,060,976	95.85%	8,723,865	83.07%
1 to 2 years	—	—	—	—
2 to 3 years	—	—	1,778,327	16.93%
3 to 4 years	1,778,327	4.15%	—	—
	42,839,303	100.00%	10,502,192	100.00%

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Inventories

(a) Inventories are listed as follows:

	30 June 2016(Unaudited)			31 December 2015		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Amount due from customers for construction contract (i)	295,982,698	—	295,982,698	108,968,679	—	108,968,679
Materials and finished goods	72,684,741	—	72,684,741	42,088,951	—	42,088,951
Spare parts	3,406,849	—	3,406,849	4,226,023	—	4,226,023
Fuel	2,720,385	—	2,720,385	3,367,211	—	3,367,211
Others	1,898,425	—	1,898,425	1,362,010	—	1,362,010
	376,693,098	—	376,693,098	160,012,874	—	160,012,874

(i) Amount due from customers for construction contract

	30 June 2016 (Unaudited)	31 December 2015
Accumulated cost recognised	707,752,710	448,466,346
Add: Accumulated gross profits recognised	33,324,931	21,252,539
Less: Accumulated amount settled	(445,094,943)	(360,750,206)
	295,982,698	108,968,679

(b) Changes in ending balances of inventories for current year are analysed as follows:

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Amount due from customers for construction contract	108,968,679	377,543,880	(190,529,861)	295,982,698
Materials and finished goods	42,088,951	395,637,462	(365,041,672)	72,684,741
Spare parts	4,226,023	4,791,789	(5,610,963)	3,406,849
Fuel	3,367,211	189,569,182	(190,216,008)	2,720,385
Others	1,362,010	5,513,551	(4,977,136)	1,898,425
	160,012,874	973,055,864	(756,375,640)	376,693,098

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(6) Other current assets

	30 June 2016 (Unaudited)	31 December 2015
Available-for-sale financial assets (Note 6(7)).	850,000,000	—
Input VAT	49,292,332	21,846,332
	899,292,332	21,846,332

(7) Long-term receivables

	30 June 2016 (Unaudited)	31 December 2015
Loans provided to related parties	2,155,000,000	160,000,000

As at 30 June 2016, loans provided to related parties comprise long-term entrusted loans of RMB1,635,000,000 (Note6(9)) aggregately provided by the Company to related parties - Qianwan United Container, New Qianwan Container and Dongjiakou Ore Terminal, and long-term entrusted loans of RMB160,000,000 and 360,000,000 respectively to the Company's subsidiaries - Mercuria Logistics and Mercuria Oil Terminal, interests of all the loans are calculated based on the corresponding bank loan benchmark interest rate.

As at 31 December 2015, loans provided to related parties comprise long-term entrusted loans of RMB160,000,000 provided by the Company to a subsidiary - Mercuria Oil Terminal, whose interests are calculated based on the corresponding bank loan benchmark interest rate.

(8) Long-term equity investments

	30 June 2016 (Unaudited)	31 December 2015
Subsidiaries (a)	3,110,152,068	2,274,043,301
Joint ventures (b)	5,472,763,855	5,432,034,993
Associates (c)	7,253,809	7,711,456
	8,590,169,732	7,713,789,750

As at 30 June 2016 and 31 December 2015, there is no restriction on realisation of the long-term equity investments held by the Company to cash.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(8) Long-term equity investments (Continued)

(a) Subsidiaries

	Accounting method	31 December 2015	Movements in the current period (Unaudited)	30 June 2016 (Unaudited)	Declaration in current period (Unaudited)
Yongli Insurance	Cost method	7,866,558	—	7,866,558	—
International Logistics	Cost method	171,734,115	84,162,967	255,897,082	—
Hongyu Cargo Agency	Cost method	12,811,516	—	12,811,516	—
Jieshun Customs Broker	Cost method	2,580,830	—	2,580,830	—
Ocean Shipping Repair	Cost method	3,666,959	—	3,666,959	—
Qingdao Port Engineering	Cost method	114,455,552	—	114,455,552	—
Ocean Shipping Tally	Cost method	389,296,880	—	389,296,880	111,297,629
Gangjia Logistics	Cost method	7,299,874	—	7,299,874	—
Gangrong Storage	Cost method	7,952,229	—	7,952,229	—
Qingdao Port Travel Agency	Cost method	3,052,737	—	3,052,737	—
Duty-free Merchandise	Cost method	2,931,373	—	2,931,373	—
Datang Port	Cost method	179,109,502	—	179,109,502	—
QDP Finance	Cost method	700,000,000	—	700,000,000	—
Mercuria Logistics	Cost method	273,278,376	—	273,278,376	—
Mercuria Oil Terminal	Cost method	182,079,200	—	182,079,200	—
Eimskip Coldchain	Cost method	14,000,000	—	14,000,000	—
Qingdao Port Properties	Cost method	3,000,000	—	3,000,000	—
Culture Company	Cost method	3,000,000	—	3,000,000	—
Finance leases	Cost method	143,748,000	—	143,748,000	—
International Development	Cost method	31,179,600	—	31,179,600	—
Tongbao Shipping	Cost method	20,000,000	—	20,000,000	—
Tongan Security	Cost method	1,000,000	—	1,000,000	—
Dongjiakou General Terminal	Cost method	—	455,445,800	455,445,800	—
Unipecc Pipeline	Cost method	—	51,000,000	51,000,000	—
Assets Management	Cost method	—	100,000,000	100,000,000	—
Technology Company	Cost method	—	20,000,000	20,000,000	—
Svitzer Towage	Cost method	—	115,500,000	115,500,000	—
Tongze Trading	Cost method	—	10,000,000	10,000,000	—
		<u>2,274,043,301</u>	<u>836,108,767</u>	<u>3,110,152,068</u>	<u>111,297,629</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(8) Long-term equity investments (Continued)

(b) Joint ventures

	Accounting method	31 December 2015	Movements in the current period (Unaudited)				30 June 2016 (Unaudited)
			Increase/decrease in investment	Share of net profit/(loss) using equity method	Cash dividend declared	Share of other changes in equity	
Qianwan Container	Equity method	1,983,604,074	—	247,303,659	(295,718,494)	1,839,570	1,937,028,809
Shihua Crude Oil	Equity method	1,457,707,212	—	100,353,236	—	615,186	1,558,675,634
Qianwan West United	Equity method	433,463,565	—	(101,102)	—	207,259	433,569,722
Qingwei Container	Equity method	122,027,729	—	9,072,093	—	4,947,510	136,047,332
Vopak Logistics	Equity method	144,024,453	—	(66,857)	—	—	143,957,596
Evergreen Container	Equity method	86,551,543	(22,500,000)	8,449,944	(17,056,869)	179,602	55,624,220
Orient Container	Equity method	45,286,918	—	3,447,629	(7,320,350)	—	41,414,197
Bay Liquid Chemical	Equity method	149,466,624	—	(242,902)	—	—	149,223,722
Bonded Logistics Centre	Equity method	10,372,873	—	1,726,211	—	—	12,099,084
Ganghai Logistics	Equity method	68,087,913	—	718,853	—	—	68,806,766
Shenzhouxing							
Transportation	Equity method	29,868,431	—	2,664,637	—	—	32,533,068
China Shipping Agency	Equity method	14,123,822	—	1,205,416	(2,449,803)	—	12,879,435
United Shipping Agency	Equity method	65,063,492	—	5,687,797	(10,262,181)	—	60,489,108
Huaneng Port Operation	Equity method	185,607,545	—	(4,737,944)	—	—	180,869,601
Dongjiakou IMC Logistics	Equity method	143,731,985	—	1,559,629	—	—	145,291,614
Dongjiakou Ore Terminal	Equity method	439,393,883	—	11,311,319	—	(86,328)	450,618,874
Henan Yuqing	Equity method	2,491,014	—	(12,486)	—	—	2,478,528
Dongjiakou Sinotrans							
Logistics	Equity method	49,151,714	—	(140,571)	—	—	49,011,143
Binzhou Port QDP							
International Terminal	Equity method	2,010,203	—	135,199	—	—	2,145,402
		<u>5,432,034,993</u>	<u>(22,500,000)</u>	<u>388,333,760</u>	<u>(332,807,697)</u>	<u>7,702,799</u>	<u>5,472,763,855</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(8) Long-term equity investments (Continued)

(c) Associates

Accounting method	31 December 2015	Movements in the current period (Unaudited)			30 June 2016 (Unaudited)	
		Increase/ decrease in investment	Share of net profit/(loss) using equity method	Cash dividend declared		
Ganghua Logistics	Equity method	7,711,456	—	794,749	(1,252,396)	7,253,809

As mentioned in Note 2(2), at preparation of the Company's financial statements, long-term equity investments of Qingdao Port Group that were contributed into the Company are recognised into the Company's balance sheet based on the appraisal values approved by the competent state-owned assets management authorities.

(9) Investment properties

	Buildings	Land use rights	Total
Cost			
31 December 2015	259,610,110	80,814,346	340,424,456
Transfer from intangible assets (Unaudited)	—	159,703,774	159,703,774
30 June 2016 (Unaudited)	259,610,110	240,518,120	500,128,230
Accumulated depreciation			
31 December 2015	(20,809,863)	(4,188,188)	(24,998,051)
Accrued (Unaudited)	(5,183,645)	(1,005,165)	(6,188,810)
Transfer from intangible assets (Unaudited)	—	(21,112,269)	(21,112,269)
30 June 2016 (Unaudited)	(25,993,508)	(26,305,622)	(52,299,130)
Net book value			
30 June 2016 (Unaudited)	233,616,602	214,212,498	447,829,100
31 December 2015	238,800,247	76,626,158	315,426,405

As at 30 June 2016, management of the Company are of the view that there is no indication that the investment properties may be impaired, therefore no provision for impairment is required (31 December 2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(10) Fixed assets

	Buildings	Terminal facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
Cost										
31 December 2015	243,504,625	5,104,090,249	1,945,281,117	996,388,625	186,257,628	706,210,708	51,193,007	45,376,942	15,142,566	9,293,445,467
Transfer from construction in progress (Unaudited)	—	367,663,327	—	—	—	—	—	—	—	367,663,327
Purchase (Unaudited)	149,385	—	230,012	2,448,628	5,296,325	—	916,504	3,374,397	1,844,969	14,260,220
Decrease in the current period (Unaudited)	(12,994,214)	—	(79,141,746)	(128,135)	(1,169,945)	—	(10,304)	(291,227)	(162,143)	(93,897,714)
30 June 2016 (Unaudited)	<u>230,659,796</u>	<u>5,471,753,576</u>	<u>1,866,369,383</u>	<u>998,709,118</u>	<u>190,384,008</u>	<u>706,210,708</u>	<u>52,099,207</u>	<u>48,460,112</u>	<u>16,825,392</u>	<u>9,581,471,300</u>
Accumulated depreciation										
31 December 2015	(22,407,467)	(303,680,645)	(111,572,628)	(409,466,334)	(57,169,863)	(122,487,436)	(18,084,560)	(18,655,782)	(7,919,544)	(1,071,444,259)
Depreciation in the current period (Unaudited)	(5,788,642)	(74,574,273)	(30,184,569)	(68,816,619)	(12,749,715)	(24,737,376)	(4,215,448)	(3,222,389)	(1,659,126)	(225,948,157)
Decrease in the current period (Unaudited)	1,319,391	—	6,388,583	143,094	184,501	—	4,943	181,687	130,208	8,352,407
30 June 2016 (Unaudited)	<u>(26,876,718)</u>	<u>(378,254,918)</u>	<u>(135,368,614)</u>	<u>(478,139,859)</u>	<u>(69,735,077)</u>	<u>(147,224,812)</u>	<u>(22,295,065)</u>	<u>(21,696,484)</u>	<u>(9,448,462)</u>	<u>(1,289,040,009)</u>
Net book value										
30 June 2016 (Unaudited)	<u>203,783,078</u>	<u>5,093,498,658</u>	<u>1,731,000,769</u>	<u>520,569,259</u>	<u>120,648,931</u>	<u>558,985,896</u>	<u>29,804,142</u>	<u>26,763,628</u>	<u>7,376,930</u>	<u>8,292,431,291</u>
31 December 2015	<u>221,097,158</u>	<u>4,800,409,604</u>	<u>1,833,708,489</u>	<u>586,922,291</u>	<u>129,087,765</u>	<u>583,723,272</u>	<u>33,108,447</u>	<u>26,721,160</u>	<u>7,223,022</u>	<u>8,222,001,208</u>

For the six months ended 30 June 2016, the amounts of depreciation expenses charged to cost of sales and general and administrative expenses were RMB217,858,971 and RMB8,089,186 respectively (2015: RMB233,089,979 and RMB8,394,379).

(11) Construction in progress

Name of project	31 December 2015	Increase in the current period (Unaudited)	Transfer into fixed assets (Unaudited)	Transfer into intangible assets (Unaudited)	Other decrease (Unaudited)	30 June 2016 (Unaudited)
Dongjiakou oil terminal and oil tanks project	377,193,452	1,293,400	—	—	—	378,486,852
Dongjiakou berth project for bulk and general cargo	1,552,904,349	233,502,471	—	(23,471,540)	(853,227,260)	909,708,020
Dongjiakou stockyard project	177,238,645	6,806,558	—	—	—	184,045,203
Other Dongjiakou projects	4,828,213	—	—	—	—	4,828,213
Qianwan dock basin deepening & dredging project	367,352,132	311,195	(367,663,327)	—	—	—
Other projects	18,252,813	5,169,563	—	—	(10,873,691)	12,548,685
	<u>2,497,769,604</u>	<u>247,083,187</u>	<u>(367,663,327)</u>	<u>(23,471,540)</u>	<u>(864,100,951)</u>	<u>1,489,616,973</u>

The Company has no capitalised borrowing expense.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(12) Intangible assets

	Land use rights	Software	Sea area use rights	Others	Total
Cost					
31 December 2015	2,717,084,919	13,378,560	1,362,580	32,269,286	2,764,095,345
Increase in the current period (Unaudited)					
Purchase	18,817,970	66,038	—	—	18,884,008
Transfer from construction in progress	—	—	23,471,540	—	23,471,540
Decrease in the current period (Unaudited)					
Transfer into investment properties	(159,703,774)	—	—	—	(159,703,774)
30 June 2016 (Unaudited)	2,576,199,115	13,444,598	24,834,120	32,269,286	2,646,747,119
Accumulated amortisation					
31 December 2015	(127,475,644)	(5,711,173)	(54,504)	(7,595,496)	(140,836,817)
Increase in the current period (Unaudited)					
Accrued	(30,654,564)	(1,628,647)	(213,554)	(1,822,919)	(34,319,684)
Decrease in the current period (Unaudited)					
Transfer into investment properties	21,112,269	—	—	—	21,112,269
30 June 2016 (Unaudited)	(137,017,939)	(7,339,820)	(268,058)	(9,418,415)	(154,044,232)
Book Value					
30 June 2016 (Unaudited)	2,439,181,176	6,104,778	24,566,062	22,850,871	2,492,702,887
31 December 2015	2,589,609,275	7,667,387	1,308,076	24,673,790	2,623,258,528

(13) Other non-current assets

	30 June 2016 (Unaudited)	31 December 2015
Taxes prepaid for port facilities rental income (Note 6(15) (a))	205,288,844	203,277,032
Less: Current portion	(12,720,571)	(11,294,229)
Construction and equipment expenditures prepaid	9,703,297	113,438,188
	202,271,570	305,420,991

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(14) Provision for asset impairments

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)		30 June 2016 (Unaudited)
			Reversal	Write-off	
Provision for bad debts of accounts receivable	57,880,471	299,922	—	(5,887,773)	52,292,620
Provision for bad debts of other receivables	1,892,191	9,011,409	—	—	10,903,600
	<u>59,772,662</u>	<u>9,311,331</u>	<u>—</u>	<u>(5,887,773)</u>	<u>63,196,220</u>

(15) Short-term borrowings

	Currency	30 June 2016 (Unaudited)	31 December 2015
Secured - Collateralised (a)	RMB	228,939,480	309,384,939
Unsecured	RMB	15,000,000	—
		<u>243,939,480</u>	<u>309,384,939</u>

(a) As at 30 June 2016, bank borrowings of RMB228,939,480 (31 December 2015: RMB309,384,939) are short-term borrowings obtained by discounting trade acceptance notes (Note 16(2)).

(b) As at 30 June 2016, the interest rate of short-term borrowings ranges from 2.25% to 4% (31 December 2015: from 3.87% to 4.56%).

(16) Notes payable

	30 June 2016 (Unaudited)	31 December 2015
Trade acceptance notes	74,102,441	39,787,885
Bank acceptance notes	215,897,877	256,557,109
	<u>290,000,318</u>	<u>296,344,994</u>

As at 30 June 2016, the Company has no bank acceptance notes payable issued with bank acceptance notes receivable as collateral (31 December 2015: bank acceptance notes payable of RMB62,731,590 are issued with bank acceptance notes receivable of the same amount as collateral (Note 16(2))).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(17) Employee benefits payable

	30 June 2016 (Unaudited)	31 December 2015
Short-term employee benefits	29,779,152	43,352,264
Defined contribution plans	31,434,915	27,770,327
Termination benefits	16,370,000	16,370,000
Defined benefit plans	100,800,000	100,800,000
	<u>178,384,067</u>	<u>188,292,591</u>

(a) Short-term employee benefits

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Wages and salaries, bonus, allowances and subsidies	31,690,145	318,414,198	(335,759,799)	14,344,544
Staff welfare	365,475	32,196,618	(26,366,519)	6,195,574
Social security contributions	—	32,641,698	(32,641,698)	—
Including: Medical insurance	—	26,626,419	(26,626,419)	—
Work injury insurance	—	3,203,279	(3,203,279)	—
Maternity insurance	—	2,812,000	(2,812,000)	—
Housing funds	—	31,590,272	(31,590,272)	—
Labour union funds and employee education funds	5,853,983	7,850,049	(8,825,134)	4,878,898
Outsourcing costs	5,442,661	136,334,836	(137,417,361)	4,360,136
Others	—	2,837,139	(2,837,139)	—
	<u>43,352,264</u>	<u>561,864,810</u>	<u>(575,437,922)</u>	<u>29,779,152</u>

(b) Defined contribution plans

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Basic pensions	—	53,227,031	(53,227,031)	—
Unemployment insurance	—	2,957,141	(2,957,141)	—
Corporate annuity	27,770,327	14,663,251	(10,998,663)	31,434,915
	<u>27,770,327</u>	<u>70,847,423</u>	<u>(67,182,835)</u>	<u>31,434,915</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(17) Employee benefits payable (Continued)

(c) Termination benefits

	30 June 2016 (Unaudited)	31 December 2015
Early retirement benefits (payable within one year)	<u>16,370,000</u>	<u>16,370,000</u>

Early retirement benefits borne by the Company are recognised as long-term employee benefits payable (Note 16(20)), the current portion of which is presented as employee benefits payable.

(d) Defined benefit plans

	30 June 2016 (Unaudited)	31 December 2015
Supplemental retirement benefits (payable within one year)	<u>100,800,000</u>	<u>100,800,000</u>

Supplemental retirement benefits borne by the Company are recognised as long-term employee benefits payable (Note 16(20)), the current portion of which is presented as employee benefits payable.

(18) Taxes payable

	30 June 2016 (Unaudited)	31 December 2015
Enterprise income tax	25,671,639	5,364,813
Land use tax	12,836,130	11,904,166
VAT	7,449,582	4,738,765
Individual income tax	1,459,326	2,428,559
City maintenance and construction tax	703,772	960,285
Business tax	—	3,260,296
Others	968,803	1,144,382
	<u>49,089,252</u>	<u>29,801,266</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(19) Other payables

	30 June 2016 (Unaudited)	31 December 2015
Construction and equipment expenditure (Note 6(23))	1,096,976,662	1,067,217,831
Payables to Qingdao Port Group (Note 6(23))	243,150,235	218,596,347
Deposit and guarantee	43,630,971	48,668,623
Port construction fees (Note 6(23))	34,714,555	44,231,608
Railage collected on behalf	11,320,768	4,838,742
Welfare paid on behalf (Note 6(23))	—	3,080,000
Others	35,075,540	34,727,705
	<u>1,464,868,731</u>	<u>1,421,360,856</u>

(20) Long-term employee benefits payable

	30 June 2016 (Unaudited)	31 December 2015
Early retirement benefits	143,910,000	110,840,000
Supplemental retirement benefits	2,448,380,000	2,545,370,000
	<u>2,592,290,000</u>	<u>2,656,210,000</u>

(a) Early retirement benefits of the Company

	30 June 2016 (Unaudited)	31 December 2015
Early retirement benefits	160,280,000	127,210,000
Less: Payable within one year	(16,370,000)	(16,370,000)
	<u>143,910,000</u>	<u>110,840,000</u>

(b) Supplemental retirement benefits of the Company:

	30 June 2016 (Unaudited)	31 December 2015
Supplemental retirement benefits	2,549,180,000	2,646,170,000
Less: Payable within one year	(100,800,000)	(100,800,000)
	<u>2,448,380,000</u>	<u>2,545,370,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(20) Long-term employee benefits payable (Continued)

(c) Movements for the Group's early retirement benefits and supplemental retirement benefits are analysed as follows:

	Early retirement benefits	Supplemental retirement benefits
As at 1 January 2016	127,210,000	2,646,170,000
Amount recognised in profit or loss for the current period (unaudited)		
– Service cost	41,670,000	—
– Interest expense on the net defined benefit obligations	1,840,000	42,620,000
Re-measurement amount (unaudited)		
– Actuarial losses/(gains) for the current period	110,000	(92,270,000)
Payment of benefits (unaudited)	(10,550,000)	(47,340,000)
As at 30 June 2016 (unaudited)	<u>160,280,000</u>	<u>2,549,180,000</u>

(d) Early retirement benefits and supplemental retirement benefits recognised in profit or loss for the current period are analysed as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
General and administrative expenses	41,780,000	7,650,000
Financial expenses	44,460,000	55,780,000

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(21) Deferred tax assets

	30 June 2016 (Unaudited)		31 December 2015	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Early retirement benefits	160,280,000	40,070,000	127,210,000	31,802,500
Provision for asset impairments	63,196,220	15,799,055	58,276,615	14,569,154
Acquisition of Dongjiakou business II	39,205,047	9,801,262	39,207,004	9,801,751
Elimination of intra-group unrealised profit	9,779,608	2,444,902	14,100,832	3,525,208
Accrued expenses	33,245,784	8,311,446	1,957,930	489,482
	305,706,659	76,426,665	240,752,381	60,188,095
Including:				
Expected to be recovered within one year (inclusive)		12,079,105		4,582,961
Expected to be recovered after one year		64,347,560		55,605,134
		76,426,665		60,188,095

As at 30 June 2016, the Company has no deferred tax liabilities (31 December 2015: Nil).

(22) Capital surplus

	31 December 2015	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2016 (Unaudited)
Share premium - (Note 6(31))				
Capital premium contributed by Qingdao Port Group	7,052,279,474	—	—	7,052,279,474
Capital premium contributed by Other Promoters	783,586,608	—	—	783,586,608
Issue of new shares	1,547,306,924	—	—	1,547,306,924
Shares issue expenses	(113,422,026)	—	—	(113,422,026)
Acquisition of Dongjiakou business II	(31,531,719)	—	—	(31,531,719)
Other capital surplus -				
Share of changes in equity other than comprehensive income and profit distribution of investees accounted for using the equity method	2,744,874	7,702,799	—	10,447,673
	9,240,964,135	7,702,799	—	9,248,666,934

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(22) Capital surplus (Continued)

	31 December 2014	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2015 (Unaudited)
Share premium - (Note 6(31))				
Capital premium contributed by				
Qingdao Port Group	7,052,279,474	—	—	7,052,279,474
Capital premium contributed				
by Other Promoters	783,586,608	—	—	783,586,608
Issue of new shares	1,547,306,924	—	—	1,547,306,924
Shares issue expenses	(113,422,026)	—	—	(113,422,026)
Acquisition of Dongjiakou business II	(31,531,719)	—	—	(31,531,719)
Other capital surplus -				
Share of changes in equity other than				
comprehensive income and				
profit distribution of				
investees accounted for using				
the equity method	427,863	6,246,463	(197,795)	6,476,531
	<u>9,238,647,124</u>	<u>6,246,463</u>	<u>(197,795)</u>	<u>9,244,695,792</u>

(23) Undistributed profits

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Undistributed profits at beginning of the period	1,636,833,839	1,250,339,651
Add: Net profit for the current period	863,777,551	866,848,875
Less: Distribution to the shareholders (Note 6(35))	(664,552,612)	(946,202,948)
Undistributed profits at end of the period	<u>1,836,058,778</u>	<u>1,170,985,578</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(24) Revenue and cost of sales

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Revenues from main operations	2,108,841,731	2,389,407,349
Revenues from other operations	399,417,041	368,316,138
	<u>2,508,258,772</u>	<u>2,757,723,487</u>
	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Cost of main operations	(1,490,501,196)	(1,773,921,384)
Cost of other operations	(245,332,557)	(232,402,804)
	<u>(1,735,833,753)</u>	<u>(2,006,324,188)</u>

(a) Revenue and cost from main operations

	Six months ended 30 June 2016 (Unaudited)		Six months ended 30 June 2015 (Unaudited)	
	Revenues from main operations	Cost of main operations	Revenues from main operations	Cost of main operations
Loading and relevant business	1,418,403,327	(1,041,814,043)	1,486,455,651	(1,165,441,217)
Integrated logistics business	325,935,404	(216,905,102)	623,912,722	(454,492,716)
Port supporting business	170,225,042	(56,194,105)	160,986,626	(51,534,909)
Construction, labour and sales of port machinery	194,277,958	(175,587,946)	118,052,350	(102,452,542)
	<u>2,108,841,731</u>	<u>(1,490,501,196)</u>	<u>2,389,407,349</u>	<u>(1,773,921,384)</u>

(b) Revenue and cost from other operations

	Six months ended 30 June 2016 (Unaudited)		Six months ended 30 June 2015 (Unaudited)	
	Revenues from other operations	Cost of other operations	Revenues from other operations	Cost of other operations
Rental income	156,755,145	(62,542,045)	144,223,704	(56,090,376)
Sales of fuel, electricity and etc.	230,543,387	(179,170,004)	213,659,790	(174,281,389)
Labour and other income	12,118,509	(3,620,508)	10,432,644	(2,031,039)
	<u>399,417,041</u>	<u>(245,332,557)</u>	<u>368,316,138</u>	<u>(232,402,804)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(25) Taxes and surcharges

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Business tax	10,664,909	8,659,594
City maintenance and construction tax	5,726,119	7,633,764
Educational surcharges	4,089,955	5,452,689
Others	1,008,673	1,091,499
	21,489,656	22,837,546

(26) Financial expenses - net

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Interest expenses	39,202,033	2,804,288
Less: Interest income	(53,485,825)	(22,857,163)
Effect of actuarial calculation of employ benefit	44,460,000	55,780,000
Exchange (gains)/losses	79,367	(10,232)
Others	373,269	331,250
	30,628,844	36,048,143

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(27) Expenses by nature

The cost of sales, selling and distribution expenses and general and administrative expenses in the income statement are listed by nature as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Employee benefits	640,771,783	669,691,730
Subcontract cost	322,632,520	371,344,229
Depreciation of fixed assets	225,948,157	241,484,358
Cost of sales for fuel and electricity	156,151,228	158,241,253
Consumption of raw materials in construction contract	127,091,084	63,732,351
Transportation cost	101,138,221	254,778,535
Fuel and heating expenditures	98,777,912	116,333,975
Consumption of other raw materials	79,800,424	107,209,763
Operating lease rental	46,016,368	52,884,132
Amortisation of intangible assets	34,319,684	33,793,573
Repair and maintenance expense	32,996,417	51,664,829
Taxes	28,458,445	45,114,269
Depreciation of investment properties	6,188,810	5,423,834
Amortisation of long-term prepaid expenses	2,329,096	3,342,310
Auditor's remuneration	2,363,377	3,879,660
- Audit services	2,279,131	3,870,300
- Non-audit services	84,246	9,360
Others	51,932,251	49,447,307
	1,956,915,777	2,228,366,108

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(28) Asset impairment losses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Provision for bad debts	<u>9,311,331</u>	<u>10,502,683</u>

(29) Investment income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Share of profit or loss of investees accounted for using the equity method	389,128,509	343,994,002
Cash dividends declared by investees accounted for using the cost method	111,297,629	100,701,480
Income from financial assets held for trading	146,731	—
Income from available-for-sale financial assets	29,250	29,250
Disposal of long-term investment equity	—	105,858,135
	<u>500,602,119</u>	<u>550,582,867</u>

(30) Non-operating income and expenses

(a) Non-operating income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Gains on disposal of non-current assets	91,233	608,600
Including: Gains on disposal of fixed assets	91,233	608,600
Commission from port construction fees	6,783,495	6,847,342
Government grants	5,591,602	4,612,222
Unpayable dues	—	164,122
Others	1,573,300	32,855
	<u>14,039,630</u>	<u>12,265,141</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(30) Non-operating income and expenses (Continued)

(b) Non-operating expenses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Losses on disposal of non-current assets	81,310	1,360,366
Including: Losses on disposal of fixed assets	81,310	1,360,366
Others	5,443	210,000
	86,753	1,570,366

(31) Income tax expenses

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Current income tax calculated based on tax law and related regulations	156,929,179	157,978,938
Deferred income tax	(16,238,570)	(3,581,164)
	140,690,609	154,397,774

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the Company's financial statements to the income tax expenses is listed below:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Total profit	1,004,468,160	1,021,246,649
Income tax expenses calculated at applicable tax rates	251,117,040	255,311,662
Investment income not subject to tax	(125,106,534)	(111,173,871)
Costs, expenses and losses not deductible for tax purposes	15,741,930	11,234,326
Extra-deducted salary for disabled employees	(1,061,827)	(974,343)
Income tax expenses	140,690,609	154,397,774

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(32) Other comprehensive income

(a) Reconciliation of other comprehensive income

	Changes in the re-measurement of net liability related to the defined benefit plan
As at 31 December 2014	(167,830,000)
Movement for the six months ended 30 June 2015(Unaudited)	<u>(68,206,323)</u>
As at 30 June 2015(Unaudited)	<u>(236,036,323)</u>
As at 31 December 2015	(291,780,000)
Movement for the six months ended 30 June 2016(Unaudited)	<u>92,270,000</u>
As at 30 June 2016(Unaudited)	<u>(199,510,000)</u>

(b) Other comprehensive income, the related income tax effect and the reclassifications to profit or loss

	Six months ended 30 June 2016 (Unaudited)		
	Amount before tax	Income taxes	Amount after tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plan	<u>92,270,000</u>	—	<u>92,270,000</u>
	Six months ended 30 June 2015 (Unaudited)		
	Amount before tax	Income taxes	Amount after tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plan	<u>(68,206,323)</u>	—	<u>(68,206,323)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(33) Notes to the Company's cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Net profit	863,777,551	866,848,875
Add: Provision for asset impairment loss	9,311,331	10,502,683
Depreciation of fixed assets and investment properties	232,136,967	246,908,192
Amortisation of intangible assets	34,319,684	33,793,573
Amortisation of long-term prepaid expenses	2,329,096	3,342,310
Amortisation of deferred revenue	(1,957,222)	(1,957,222)
Gains on disposal of non-current assets	(9,923)	(73,155)
Investment income	(500,602,119)	(550,582,867)
Increase in deferred tax assets	(16,238,570)	(3,581,164)
Financial expenses	37,855,027	47,962,487
Increase in inventories	(216,680,224)	(19,594,461)
Increase in operating receivables	(400,094,473)	(91,832,654)
Decrease in operating payables	(300,823,045)	(87,519,617)
Net cash flows from operating activities	<u>(256,675,920)</u>	<u>454,216,980</u>

(b) Significant investing activities that do not involve cash receipts and payments

(i) Endorsement of notes receivable

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Construction expenditures paid on behalf by endorsement of notes receivable	122,236,176	382,306,179
Long-term assets acquired by endorsement of notes receivable	117,130,944	128,410,430
	<u>239,367,120</u>	<u>510,716,609</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(33) Notes to the Company's cash flow statement (Continued)

(b) Significant investing activities that do not involve cash receipts and payments (Continued)

(ii) Notes receivable received

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Notes receivable received for construction expenditures paid on behalf	32,420,676	329,168,553
Notes receivable received from asset disposal transaction	—	32,531,313
	<u>32,420,676</u>	<u>361,699,866</u>

(iii) Notes payable issued

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Long-term assets acquired by issuing notes payable	<u>20,101,807</u>	—

(iv) Invest in International Logistics with fix assets

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Invest in International Logistics with fix assets	<u>84,162,967</u>	—

(c) Significant financing activities that do not involve cash receipts and payments

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Short-term borrowings payment deducted by previously discounted notes receivable fall due	<u>393,801,248</u>	—

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(33) Notes to the Company's cash flow statement (Continued)

(d) Net increase/(decrease) in cash

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Cash at end of the period	2,415,492,438	1,661,419,636
Less: Cash at beginning of the period	(1,374,435,149)	(1,107,926,061)
Net increase in cash	<u>1,041,057,289</u>	<u>553,493,575</u>

(e) Cash

	30 June 2016 (Unaudited)	31 December 2015
Cash at bank and on hand (Note 16(1))	2,534,284,328	1,461,647,671
Less: Term deposits with the initial term of over 3 months	(72,000,000)	(30,000,000)
Other restricted cash balance	(46,791,890)	(57,212,522)
Cash at the end of the period/year	<u>2,415,492,438</u>	<u>1,374,435,149</u>

(f) Cash received relating to other operating activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Operating lease rental of port facilities	53,169,576	39,710,161
Land use tax refund	11,863,811	—
Interest income	7,149,927	18,304,554
Commission from port construction fees	6,783,495	6,847,342
Government grants received	3,634,380	1,645,000
Deposit and guarantee	—	24,775,125
Others	14,116,674	9,678,107
	<u>96,717,863</u>	<u>100,960,289</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(33) Notes to the Company's cash flow statement (Continued)

(g) Cash paid relating to other operating activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Repayments to Qingdao Port Group for previously received maturity of bill on behalf	67,988,440	—
Port construction fees paid on behalf	16,671,078	22,546,226
General office expenses and entertainment expenses	6,466,854	5,781,922
Intermediary service fee	2,944,338	4,369,274
Deposit and guarantee paid	662,379	—
Publicity expenses	494,814	503,652
Railage paid on behalf	—	2,607,363
Others	6,495,629	9,361,878
	<u>101,723,532</u>	<u>45,170,315</u>

(h) Cash received relating to other investing activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Loans repayment from related parties	210,000,000	—
Construction expenditures paid on behalf of related parties received	263,938,819	307,629,475
Term deposits with the term over 3 months	25,000,000	955,000,000
	<u>498,938,819</u>	<u>1,262,629,475</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(33) Notes to the Company's cash flow statement (Continued)

(i) Cash paid relating to other investing activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Loans provided to related parties	2,055,000,000	—
Construction expenditures paid on behalf of related parties	235,704,507	124,702,572
Term deposits with the initial term of over 3 months	67,000,000	—
	<u>2,357,704,507</u>	<u>124,702,572</u>

(j) Cash payments relating to other financing activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Payment to Qingdao Port Group	—	345,891,943
	<u>—</u>	<u>345,891,943</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions

(a) The parent company and subsidiaries

The general information of the parent company is set out in Note 10(1). The general information and other related information of the subsidiaries is set out in Notes 8.

(b) Information of joint ventures and associates

The general information and other related information of joint ventures and associates are set out in Note 10(3). Related information of other related parties is set out in Note 10(4).

(c) Related party transactions

(i) Pricing policies

The transaction between the Company and related parties is based on mutually agreed price and settlement terms between both parties in the process of general business and. Rental from and to related parties are negotiated by both parties. Interest rate of deposits in related parties is determined based on the corresponding bank benchmark interest rate.

(ii) Purchase of goods and receiving of services

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou Ore Terminal	258,590,883	321,037,351
Qingdao Port Engineering	239,375,799	219,541,679
Huaneng Port Operation	18,250,681	1,734,704
Technology Company	9,183,660	853,188
Lianjie Logistics	7,794,467	—
Tongze Trading (i)	7,431,967	—
Ocean Shipping Repair	5,246,159	4,191,239
International Logistics	1,812,390	7,541,662
Gangrong Storage	1,306,764	710,467
Fuwai Hospital	886,874	1,072,388
Ocean Shipping Tally	458,887	1,177,936
Qianwan Container	82,432	423,705
China Marine Bunker Qingdao	—	95,703,417
Tongda Industrial	—	2,417,805
Others	2,987,200	3,151,231
	553,408,163	659,556,772

(i) Tongze Trading provides purchase agency service for the Company, and transaction amounts listed above represent agency fee.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(iii) Provision of services such as transportation, stevedoring and repairing

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
International Logistics	37,269,430	10,276,845
Ganghua Logistics	12,558,045	22,812,432
Gangrong Storage	8,487,300	7,867,278
Shihua Crude Oil	8,016,895	81,624
Qianwan Container	7,149,143	23,198,355
Qianwan West United	4,368,211	2,228,479
Dongjiakou Ore Terminal	4,344,393	2,385,204
Svitzer Towage	3,800,000	—
Passenger Lines Home Port	3,567,297	—
Qianwan United Container	3,363,817	255,985
Dongjiakou General Terminal	3,091,150	—
Lianjie Logistics	2,469,146	—
Datang Port	1,898,990	1,111,111
Eimskip Coldchain	1,723,866	—
Binzhou Port QDP International Terminal	1,576,577	12,457
Evergreen Container	1,008,964	144,262
Qianwan United Advanced Container	665,222	1,077,012
Qingdao Port Engineering	173,018	2,272,617
Ganghai Logistics	128,343	1,021,820
Yitong Logistics	21,114	1,666,309
Others	4,740,605	4,294,109
	110,421,526	80,705,899

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(iv) Provision of construction services

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou Ore Terminal	48,417,951	31,464,764
New Qianwan Container	11,676,875	—
QDP Investment	4,574,958	—
Qianwan Container	3,041,847	5,806,908
Others	1,727,875	912,911
	<u>69,439,506</u>	<u>38,184,583</u>

(v) Sales of port machinery

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan Intelligent Container	120,508,689	—
Dongjiakou General Terminal	28,355,271	—
Qianwan Container	9,371,368	53,067,265
Dongjiakou Ore Terminal	4,707,447	33,032,855
Mercuria Oil Terminal	2,568,282	—
Others	492,308	1,126,008
	<u>166,003,365</u>	<u>87,226,128</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(vi) Sales of water, electricity, steam and oil, etc.

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou Ore Terminal	54,376,342	46,947,562
Qianwan Container	52,969,925	49,046,659
International Logistics	7,188,594	5,830,236
Dongjiakou General Terminal	6,635,343	—
Tongze Trading	5,941,814	—
Shihua Crude Oil	4,552,397	4,829,141
Qingdao Port Engineering	4,433,602	6,660,068
Qianwan West United	4,196,268	8,314,357
Lianjie Logistics	3,087,531	—
Qianwan United Container	2,555,034	3,231,713
Mercuria Logistics	1,713,199	3,032,189
Ocean Shipping Tally	1,641,084	455,728
Evergreen Container	1,632,101	1,584,625
Eimskip Coldchain	1,513,505	1,297,539
Svitzer Towage	1,481,074	—
Qingdao Port Properties	1,075,310	361,795
Huaneng Port Operation	739,286	1,657,344
Bay Liquid Chemical	484,063	1,330,565
Others	8,035,963	6,231,591
	164,252,435	140,811,112

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(vii) Rental income

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan Container	99,488,710	99,502,995
Shihua Crude Oil	16,110,000	1,110,000
Bonded Logistics Centre	4,457,143	7,250,000
Evergreen Container	3,059,193	3,060,050
Orient Container	3,042,700	2,363,150
Shenzhouxing Transportation	2,845,120	1,646,154
Eimskip Coldchain	2,724,206	2,750,000
New Qianwan Container	1,315,880	1,259,470
Others	2,981,235	1,265,253
	136,024,187	120,207,072

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(viii) Payment for operating lease rental

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qingdao Port Group	37,841,883	31,182,000
QDP Investment	3,917,379	9,401,708
Qingdao Port Engineering	726,982	528,677
	<u>42,486,244</u>	<u>41,112,385</u>

(ix) Port management income collected on behalf by related parties

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Qianwan Container	38,245,438	40,871,099
Shihua Crude Oil	32,818,917	34,227,473
Qianwan United Container	12,421,564	11,239,677
Qianwan West United	3,055,223	4,674,948
Qianwan United Advanced Container	2,578,977	4,138,127
	<u>89,120,119</u>	<u>95,151,324</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(x) Entrusted construction projects and payment of materials purchase on behalf

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Amount paid on behalf -		
New Qianwan Container	164,403,987	240,100
Qingdao Port Group	85,068,459	449,446,910
Qingdao Port Engineering	74,427,526	—
Shihua Crude Oil	7,834,502	57,321,741
Mercuria Oil Terminal	6,206,209	—
	<u>337,940,683</u>	<u>507,008,751</u>
Amount received -		
New Qianwan Container	106,799,044	—
Qingdao Port Group	89,739,054	323,014,394
Mercuria Logistics	84,817,544	—
Shihua Crude Oil	6,684,116	93,994,216
Qianwan United Container	4,536,219	—
Qingdao Port Engineering	3,783,518	219,789,418
	<u>296,359,495</u>	<u>636,798,028</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(xi) Loans provided to related parties

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Loans received -		
QDP Finance	<u>15,000,000</u>	—
Loans provided -		
Qianwan United Container	675,000,000	—
Dongjiakou Ore Logistics	520,000,000	—
New Qianwan Container	440,000,000	—
Mercuria Oil Terminal	200,000,000	—
Mercuria Logistics	160,000,000	—
Huaneng Port Operation	60,000,000	—
	<u>2,055,000,000</u>	—

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(xii) Loan interest

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Interest income -		
Dongjiakou General Terminal	15,078,208	—
Qianwan United Container	6,456,359	—
Dongjiakou Ore Terminal	4,788,538	—
Mercuria Oil Terminal	4,459,324	4,826,667
Shihua Crude Oil	2,257,167	—
Mercuria Logistics	1,700,440	—
QDP Finance	1,405,184	17,292,925
Others	1,242,998	88,582
	37,388,218	22,208,174
Interest expense -		
QDP Finance	63,267	—

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(c) Related party transactions (Continued)

(xiii) Transfer of assets

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Dongjiakou General Terminal	880,083,851	—
Dongjiakou Ore Terminal	—	32,531,313
	<u>880,083,851</u>	<u>32,531,313</u>

(xiv) Key management remuneration

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Key management remuneration	<u>1,221,382</u>	<u>1,401,488</u>

(xv) Amounts collected and paid on behalf of related parties

Amounts collected and paid on behalf related parties regarding to early retirement and supplemental retirement benefits are set out in Note 10(5) (s).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties

(i) Accounts receivable

	30 June 2016 (Unaudited)	31 December 2015
Qianwan Container	17,139,858	39,624,086
Dongjiakou Ore Terminal	14,561,680	12,725,602
QDP Investment	12,407,513	9,171,711
New Qianwan Container	9,569,436	—
International Logistics	9,023,083	2,971,765
Qianwan West United	4,867,116	5,179,977
Svitzer Towage	3,800,000	—
Mercuria Logistics	3,567,658	4,004,012
Gangrong Storage	2,936,644	—
Lianjie Logistics	2,836,281	3,071,478
Tongze Trading	2,718,131	—
Mercuria Oil Terminal	2,036,743	1,021,024
Ganghua Logistics	2,014,235	1,050,215
Qianwan United Container	1,888,183	2,328,414
Qingdao Port Engineering	1,869,679	4,405,706
Dongjiakou IMC Logistics	1,800,000	1,800,000
Qingdao Port Group	1,581,857	—
Qianwan Intelligent Container	4,397	12,188,017
Others	5,319,311	4,089,618
	99,941,805	103,631,625

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties (Continued)

(ii) Advances to suppliers

	30 June 2016 (Unaudited)	31 December 2015
Tongze Trading	<u>11,107,920</u>	<u>—</u>

(iii) Other receivables

Short-term borrowings -

	30 June 2016 (Unaudited)	31 December 2015
Huaneng Port Operation	60,000,000	—
Shihua Crude Oil	—	210,000,000
	<u>60,000,000</u>	<u>210,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties (Continued)

(iii) Other receivables (Continued)

Others -

	30 June 2016 (Unaudited)	31 December 2015
Dongjiakou General Terminal	554,912,451	—
New Qianwan Container	167,561,531	99,734,179
Qingdao Port Engineering	77,897,974	7,994,015
Mercuria Logistics	50,073,180	136,209,924
Dongjiakou Ore Terminal	21,794,252	—
Shihua Crude Oil	15,573,440	13,818,316
Mercuria Oil Terminal	12,822,203	6,615,994
Qianwan United Container	6,290,357	9,698,560
Tongbao Shipping	1,500,000	—
Gangrong Storage	1,100,000	—
Qianwan Container	1,064,198	7,905,535
International Logistics	396,702	1,010,520
Huaneng Port Operation	—	2,198,569
Others	2,666,275	1,117,216
	913,652,563	286,302,828

(iv) Interests receivable

	30 June 2016 (Unaudited)	31 December 2015
Qianwan United Container	801,563	—
QDP Finance	787,393	59,070
Dongjiakou Ore Terminal	617,500	—
New Qianwan Container	505,875	—
Others	691,616	264,889
	3,403,947	323,959

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties (Continued)

(v) Other non-current assets

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Engineering	—	74,427,525

(vi) Long-term receivables

	30 June 2016 (Unaudited)	31 December 2015
Qianwan United Container	675,000,000	—
Dongjiakou Ore Terminal	520,000,000	—
New Qianwan Container	440,000,000	—
Mercuria Oil Terminal	360,000,000	160,000,000
Mercuria Logistics	160,000,000	—
	2,155,000,000	160,000,000

(vii) Accounts payable

	30 June 2016 (Unaudited)	31 December 2015
QDP Finance	15,000,000	—

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties (Continued)

(viii) Notes payable

	30 June 2016 (Unaudited)	31 December 2015
Dongjiakou Ore Terminal -Bank acceptance notes	20,000,000	—
Dongjiakou Ore Terminal -Trade acceptance notes	25,000,000	—
Tongze Trading - Bank acceptance notes	82,130,979	—
Tongze Trading - Trade acceptance notes	3,718,828	—
Qingdao Port Group - Trade acceptance notes	—	14,986,466
	130,849,807	14,986,466

(ix) Accounts payable

	30 June 2016 (Unaudited)	31 December 2015
Dongjiakou Ore Terminal	167,631,717	271,312,830
Tongze Trading	56,554,189	—
Huaneng Port Operation	17,487,807	13,142,085
Qingdao Port Engineering	10,387,858	7,107,368
International Logistics	162,579	3,546,769
Others	2,238,016	2,467,082
	254,462,166	297,576,134

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties (Continued)

(x) Other payables

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Engineering	510,666,644	482,004,309
Qingdao Port Group	243,150,235	218,596,347
Technology Company	7,900,700	—
Tongze Trading	5,759,172	—
Lianjie Logistics	1,764,843	1,155,093
Others	1,496,160	2,028,295
	<u>770,737,754</u>	<u>703,804,044</u>

(xi) Advances from customers

	30 June 2016 (Unaudited)	31 December 2015
Qianwan Container	199,671,375	197,421,375
Mercuria Oil Terminal	90,295,575	—
Orient Container	3,040,979	—
Evergreen Container	3,001,673	30,947
New Qianwan Container	2,518,940	2,518,940
Shihua Crude Oil	2,220,000	2,220,000
QHVTC	1,560,000	1,560,000
Shenzhouxing Transportation	1,422,560	—
Eimskip Coldchain	1,375,000	4,125,000
Qianwan United Container	1,210,360	1,210,360
Others	408,174	298,439
	<u>306,724,636</u>	<u>209,385,061</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties (Continued)

(xii) Other non-current liabilities

	30 June 2016 (Unaudited)	31 December 2015
Qianwan Container	3,309,325,623	3,408,036,311
New Qianwan Container	56,676,150	57,935,620
Qianwan United Container	17,953,673	18,558,853
Shihua Crude Oil	3,330,000	4,440,000
	<u>3,387,285,446</u>	<u>3,488,970,784</u>

(xiii) Cash at bank and on hand

	30 June 2016 (Unaudited)	31 December 2015
QDP Finance	<u>2,274,642,287</u>	<u>1,100,759,152</u>

(xiv) Long-term payables

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Group	<u>489,154,297</u>	<u>489,154,297</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2016 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(34) Related parties and related party transactions (Continued)

(d) Receivables from and payables to related parties (Continued)

(xv) Dividends payable

	30 June 2016 (Unaudited)	31 December 2015
Qingdao Port Group	<u>489,864,655</u>	<u>—</u>

(e) Commitments in relation to related parties

Except for the port facilities in Qianwan port area leased out to Qianwan Container and dock basin leased to New Qianwan Container and Qianwan United Container stated in Note 6(29), the commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet date are as follows:

Leases - Lessor

	30 June 2016 (Unaudited)	31 December 2015
Shenzhouxing Transportation	8,535,360	9,957,920
Gangwan Logistics	6,230,250	8,307,000
Evergreen Container	3,948,872	5,265,162
Orient Container	3,894,450	5,192,600
Ocean Shipping Daya	—	4,050,000
	<u>22,608,932</u>	<u>32,772,682</u>

(35) Investment commitments

In accordance with the joint venture agreement signed by the Company, Yijia Fishery and Mercuria Energy Asia Pte. Ltd. in December 2013, the Company is committed to make an investment of RMB263,562,264 in the subsidiary Mercuria Storage. As at 30 June 2016, the Company has made an accumulated contribution of RMB182,079,200 with an amount of RMB81,483,064 unpaid.

In accordance with the joint venture agreement signed between the Company and APM Terminals Bulk Qingdao B.V. in November 2015, the Company is committed to make an investment of RMB480,000,000 to its subsidiary Dongjiakou General Terminal. As at 30 June 2016, the Company has made an accumulated contribution of RMB455,445,800 with an amount of RMB24,554,200 unpaid.

Introduction of other significant investment commitments is set out in Note 11(3).