



# 2016

## Interim Report



**秦皇岛港股份有限公司**  
**QINHUANGDAO PORT CO., LTD.\***

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

Stock Code : 3369

\*For identification purposes only

# CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Other Information	14
Review Report	19
Consolidated Balance Sheet	20
Consolidated Income Statement	22
Consolidated Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	25
Company Balance Sheet	27
Company Income Statement	29
Company Statement of Changes in Equity	30
Company Statement of Cash Flows	31
Notes to Financial Statements	33
Definitions and Glossary of Technical Terms	139



# CORPORATE INFORMATION

## OFFICIAL NAME OF THE COMPANY

秦皇島港股份有限公司

## ENGLISH NAME OF THE COMPANY

QINHUANGDAO PORT CO., LTD.\*

## LEGAL REPRESENTATIVE

Mr. XING Luzhen (邢錄珍)

## BOARD OF DIRECTORS

### (1) Executive Directors

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

### (2) Non-executive Directors

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

### (3) Independent Non-executive Directors

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

## BOARD COMMITTEES

### (1) Audit Committee

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

### (2) Remuneration and Appraisal Committee

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

### (3) Nomination Committee

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

### (4) Strategy Committee

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

## SUPERVISORY COMMITTEE

### (1) Supervisors

Mr. NIE Yuzhong (聶玉中)  
Mr. BU Zhouqing (卜周慶)  
Mr. LIU Simang (劉巴莽)

### (2) Employee Representative Supervisors

Mr. CAO Dong (曹棟)  
Mr. ZHANG Jun (張軍)

# CORPORATE INFORMATION

## JOINT COMPANY SECRETARIES

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

## AUTHORIZED REPRESENTATIVES

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

## AUDITORS

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

## LEGAL ADVISORS AS TO HONG KONG LAW

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

## REGISTERED ADDRESS

35 Haibin Road  
Qinhuangdao  
Hebei Province, the PRC

## HEADQUARTERS

35 Haibin Road  
Qinhuangdao  
Hebei Province, the PRC

## PRINCIPAL PLACE OF BUSINESS

35 Haibin Road  
Qinhuangdao  
Hebei Province, the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL BANKERS

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

## H SHARE REGISTRAR IN HONG KONG

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

## COMPANY WEBSITE

[www.portqhd.com](http://www.portqhd.com)

## STOCK CODE

3369

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

## (I) INDUSTRY OVERVIEW

### (1) General Situation

During this year, the national economic development of China maintains stability while achieving progress. The GDP in the first half of this year was RMB34,063.7 billion, representing an increase of 6.7% as compared with the corresponding period last year, with a decrease of 0.3 percentage point of growth rate as compared with the corresponding period last year. However, as the recovery of the world economy is weaker than expected and trading is experiencing a continuous downturn, there are more uncertainties in economic operation; the Chinese economy is under a crucial stage of structural adjustment, transformation and upgrading. Pains of adjustment continues, operation of real economy maintains difficult and the economic downward pressure remains relatively high.

### (2) Overview of Port Industry in the PRC

In the first half of 2016, the overall harbour production maintained stability in China, the throughput of cargoes above designated size reached 5,803.05 million tonnes, representing an increase of 2.2% as compared with the corresponding period in 2015, a decrease of 0.6 percentage point of the growth rate as compared with the corresponding period in 2015, of which, coastal ports achieved 4,008.86 million tonnes, representing an increase of 1.7%, river ports achieved 1,794.18 million tonnes, representing an increase of 3.2%. In terms of goods categories, the seaborne coal sales of northern ports decreased by 1.7% as compared with the corresponding period in 2015, inward volume of imported crude oil increased by 8.9% as compared with the corresponding period in 2015, inward volume of imported metal ores increased by 8.5% as compared with the corresponding period in 2015, container throughput increased by 2.5% as compared with the corresponding period in 2015.

(Source: National Bureau of Statistics of the PRC, Ministry of Transport of the PRC)

## (II) RESULTS OF OPERATIONAL AND FINANCIAL PERFORMANCE

In the first half of this year, total coal throughput of ports in the Bohai Rim was 279 million tonnes, representing a decrease of nearly 10 million tonnes. Affected by the increase in the number of southbound transportation channels for coals from northern region and the intensified competition from surrounding ports, large amount of high quality coal diverted from Daqin line to Shuohuang line at Huanghua Port, causing a significant decrease in throughput in major seaborne coal ports including Qinhuangdao Port and Caofeidian Port with a total amount of seaborne coal of 124 million tonnes, representing a decrease of nearly 60 million tonnes as compared with the corresponding period in 2015. The decrease in coal throughput led to a decrease in the Group's revenue.

Meanwhile, under the shrinkage of business value in Qinhuangdao Port, benefit from the gradual dedication of new capacity, and the implementation of various measures including improvement of organizing works of cargo source, fully expansion of new categories, improvement of service quality, establishment of the brand and enhancement of efficiency, the Group has maintained a fast growth momentum of the throughput of Huanghua Port and bucked the downward trend.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (1) Revenue

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

During the Reporting Period, our revenue amounted to RMB2,388,259 thousand, representing a decrease of RMB1,086,170 thousand or approximately 31.26% as compared to the revenue of RMB3,474,429 thousand for the corresponding period of 2015. The decrease was mainly attributable to a significant decrease in coal throughput resulted from the increase in the number of southbound transportation channels for coals from northern region and the intensified competition from surrounding ports, as well as the implementation of charge preferences policy.

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

	For the six months ended 30 June					
	2016		2015		Increase/ (decrease) (RMB'000)	Increase/ (decrease) (%)
	Revenue (RMB'000)	Percentage of total Revenue (%)	Revenue (RMB'000)	Percentage of total Revenue (%)		
Dry bulk	2,096,514	87.79	3,114,287	89.63	(1,017,773)	(32.68)
– Coal	1,753,399	73.42	2,697,817	77.64	(944,418)	(35.01)
– Metal ores	343,115	14.37	416,470	11.99	(73,355)	(17.61)
Oil and liquefied chemicals	30,719	1.29	54,890	1.58	(24,171)	(44.04)
Container	62,921	2.63	60,655	1.75	2,266	3.74
General and other cargoes	88,850	3.72	115,884	3.34	(27,034)	(23.33)
Others	109,255	4.57	128,713	3.70	(19,458)	(15.12)
<b>Total</b>	<b>2,388,259</b>	<b>100.00</b>	<b>3,474,429</b>	<b>100.00</b>	<b>(1,086,170)</b>	<b>(31.26)</b>

## (2) Operating Costs

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

During the Reporting Period, our operating costs amounted to RMB1,798,021 thousand, representing a decrease of RMB141,575 thousand or 7.30% from RMB1,939,596 thousand for the corresponding period of 2015. Such decrease was mainly due to a respective decrease in variable costs including staff performance bonus, power and fuel costs, and environmental protection and sewage charges affected by the decreased throughput.

## (3) Gross Profit Margin

During the Reporting Period, our gross profit (gross profit is revenue less operating costs.) amounted to RMB590,238 thousand, representing a decrease of RMB944,595 thousand or 61.54% from RMB1,534,833 thousand for the corresponding period of 2015, and our gross profit margin for the Reporting Period was 24.71%, representing a decrease of approximately 19.47 percentage points as compared with 44.18% for the corresponding period of 2015. Such increase was mainly attributable to a larger decrease in revenue as compared with the decrease in operating costs for the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (4) Segment Analysis<sup>1</sup> (Business Review)

During the Reporting Period, the Group achieved a total cargo throughput of 151.59 million tonnes<sup>1</sup>, representing a decrease of 34.26 million tonnes or approximately 18.43%, as compared with the throughput of 185.85 million tonnes<sup>1</sup> for the corresponding period of 2015.

The throughputs generated from each of the ports which we operate are as follows:

	For the six months ended 30 June					
	2016		2015		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Qinhuangdao Port <sup>2</sup>	84.61	55.82	125.08	67.30	(40.47)	(32.35)
Caofeidian Port <sup>3</sup>	36.60	24.14	41.85	22.52	(5.25)	(12.54)
Huanghua Port <sup>4, 5</sup>	30.38	20.04	18.92	10.18	11.46	60.57
<b>Total</b>	<b>151.59</b>	<b>100.00</b>	<b>185.85</b>	<b>100.00</b>	<b>(34.26)</b>	<b>(18.43)</b>

During the Reporting Period, the Group achieved a cargo throughput of 84.61 million tonnes<sup>2</sup> in Qinhuangdao Port, representing a decrease of 40.47 million tonnes or approximately 32.35% from 125.08 million tonnes<sup>2</sup> for the corresponding period of 2015. This was mainly due to the fact that the cargo handled in Qinhuangdao Port was mainly coal, and the coal throughput decreased as affected by the economic downturn, lack of demand for industrial electricity and competition from UHV transmission, hydropower and imported coal, reduction of coal production capacity as a result of China's national supply side reform policy, and the competition from surrounding ports.

The Group achieved a cargo throughput of 36.60 million tonnes<sup>3</sup> in Caofeidian Port, representing a decrease of 5.25 million tonnes or approximately 12.54% from 41.85 million tonnes<sup>3</sup> for the corresponding period of 2015. The main reasons for the decrease are: as the formalities for operation of Caofeidian Shiye Ore Terminal Phase One 2# berth were not completed, the vessel berthing has been ceased since November 2015 and this resulted in the decrease in ore unloading capacity.

The Group achieved a cargo throughput of 30.38 million tonnes<sup>4</sup> in Huanghua Port, representing an increase of 11.46 million tonnes or approximately 60.57% from 18.92 million tonnes<sup>4</sup> for the corresponding period of 2015. The increase was mainly because we cultivated and reinforced the seaborne coal and imported iron ore market. Both of our coal and metal ore businesses showed promising development trends.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June					
	2016		2015		Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Dry bulk <sup>6</sup>	132.75	87.57	171.11	92.07	(38.36)	(22.42)
– Coal	75.05	49.51	114.87	61.81	(39.82)	(34.67)
– Metal ores <sup>7</sup>	57.70	38.06	56.24	30.26	1.46	2.60
Oil and liquefied chemicals	1.57	1.04	3.74	2.01	(2.17)	(58.02)
Container <sup>8</sup>	6.82	4.50	5.85	3.15	0.97	16.58
General and other cargoes <sup>9</sup>	10.45	6.89	5.15	2.77	5.30	102.91
Total <sup>1</sup>	151.59	100.00	185.85	100.00	(34.26)	(18.43)

## (i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Reporting Period, the Group recorded a total dry bulk throughput of 132.75 million tonnes, representing a decrease of 38.36 million tonnes or approximately 22.42% from 171.11 million tonnes for the corresponding period of 2015. Such decrease was mainly attributable to the decline in throughput of coals of Qinhuangdao Port, leading to a decrease in throughput of dry bulk of the Group.

During the Reporting Period, the Group achieved a total coal throughput of 75.05 million tonnes, representing a decrease of 39.82 million tonnes or approximately 34.67% from 114.87 million tonnes for the corresponding period of 2015. Such decrease was mainly attributable to the decline in throughput of coals of Qinhuangdao Port, which was caused by the weakened supply and demand in the coal market, the increase in the number of southbound transportation channels for coals from northern region and the intensified competition from surrounding ports in 2016.

During the Reporting Period, the Group achieved a total metal ores throughput of 57.70 million tonnes, representing an increase of 1.46 million tonnes or approximately 2.60% from 56.24 million tonnes for the corresponding period of 2015. Such increase was mainly attributable to expansion of unloading amount by using the favorable opportunity that demands of steel factories in the hinterland has been improved. The opening of Hanhuang Railway in March actively prompted the new railway coal transportation model by providing direct access to the ports, and enriched the ports' centralized transportation.

## (ii) Oil and liquefied chemicals handling services

The Group recorded a total oil and liquefied chemicals throughput of 1.57 million tonnes during the Reporting Period, representing a decrease of 2.17 million tonnes or approximately 58.02% from 3.74 million tonnes for the corresponding period of 2015. This is mainly due to the stop of Daqing crude oil transportation, and different degrees of decrease in the production of gasoline and diesel.



# MANAGEMENT DISCUSSION AND ANALYSIS

## (iii) Container services

During the Reporting Period, the Group achieved better results in respect of the “dry bulk & general cargoes to containers” reform, expansion of imported cargo resources, expansion of sea-rail intermodal transportation business and stabilization and development of shipping lines. As a result, during the Reporting Period, the Group recorded a total container throughput of 527,693TEU, equivalent to a throughput of 6.82 million tonnes. The increase in the number of containers handled and throughput was 86,654TEU and 0.97 million tonnes, respectively, (i.e. approximately 19.65% and 16.58% respectively) as compared with the number of containers handled and throughput of 441,039TEU and 5.85 million tonnes for the corresponding period of 2015, respectively.

## (iv) General cargoes handling services

During the Reporting Period, the Group recorded a total throughput of general and other cargoes of 10.45 million tonnes, representing an increase of 5.30 million tonnes or approximately 102.91% from 5.15 million tonnes for the corresponding period of 2015. The increase in general cargoes handling throughput was mainly because the Group actively expanded the hinterland source market, strived to cater the various demands of customers and continued to improve the service quality.

## (v) Ancillary port services and value-added services

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

Note:

1. Throughput includes that of Caofeidian Shiye. Caofeidian Shiye operates terminals in Caofeidian Port and is a non-consolidated associate company of, and is 35% owned by, the Company. The Company is the largest shareholder of Caofeidian Shiye. During the Reporting Period, the throughput of Caofeidian Shiye was 36.60 million tonnes, consisting of 1.29 million tonnes of coal, 35.15 million tonnes of metal ores and 0.16 million tonnes of general cargoes.
2. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 237,929TEU in Qinhuangdao Port during the Reporting Period.
3. Representing throughput from Caofeidian Shiye.
4. Includes containers throughput. Using TEU as the measuring unit, the Group recorded a containers throughput of 289,764TEU in Huanghua Port during the Reporting Period.
5. Metal ore throughput includes the throughput of Cangzhou Mineral during the trial operation. Cangzhou Mineral is a subsidiary of the Company which commenced trial operation in November 2015. For the six months ended 30 June 2016, the metal ore throughput of Cangzhou Mineral was 8.60 million tonnes.
6. The dry bulk cargoes we handle mainly consist of coal and metal ores.
7. Metal ore throughput includes the throughput of Cangzhou Mineral.
8. During the Reporting Period, using TEU as the measuring unit, the Group recorded a containers throughput of 527,693TEU.
9. General and other cargoes include grain, fertilizer, etc.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (5) Administrative Expenses and Selling Expenses

During the Reporting Period, our total administrative expenses and selling expenses amounted to RMB386,995 thousand, representing an increase of RMB3,386 thousand or approximately 0.88% from RMB383,609 thousand for the corresponding period of 2015. The decrease was mainly attributable to the provision for early retirement salaries to be paid in the forthcoming year during the Reporting Period, and a decrease in staff performance bonus caused by the decline in throughput.

## (6) Financial Costs

During the Reporting Period, our financial costs amounted to RMB116,136 thousand, representing a decrease of RMB35,912 thousand or approximately 23.62% from RMB152,048 thousand for the corresponding period of 2015. The decrease was mainly attributable to several reductions of benchmark rate by the People's Bank of China last year, leading to a decrease in annual interest rate and a respective decrease in financial costs during the Reporting Period.

## (7) Investment Income

Our investment income for the Reporting Period amounted to RMB67,183 thousand, representing a decrease of RMB103,860 thousand or approximately 60.72% from RMB171,043 thousand for the corresponding period of 2015. The increase was mainly attributable to a decrease in profits of enterprises which the Group invested in.

## (8) Net Non-operating Revenue and Expenses

During the Reporting Period, our net non-operating revenue and expenses amounted to RMB14,763 thousand, representing a decrease of RMB21,207 thousand or approximately 58.96% from RMB35,970 thousand for the corresponding period of 2015. The decrease was mainly because the unemployment insurance benefits and employment subsidy were not received during the Reporting Period as received during the first half of 2015.

## (9) Income Tax Expense

Income tax expense of the Group decreased by RMB215,046 thousand to RMB43,827 thousand for the Reporting Period from RMB258,873 thousand for the corresponding period of 2015.

## (10) Net Profit

Net profit of the Group for the Reporting Period amounted to RMB139,923 thousand, representing a decrease of RMB789,892 thousand or 84.95% from RMB929,815 thousand for the corresponding period of 2015. Our net profit attributable to owners of the parent for the Reporting Period amounted to RMB137,364 thousand, representing a decrease of RMB790,102 thousand or 85.19% from RMB927,466 thousand for the corresponding period of 2015. The decrease of net profit was mainly attributable to 1. the effect of significant decrease in the coal throughput during the Reporting Period and the implementation of charge preferences policy, resulting in a decrease in revenue; 2. a decrease in profits of enterprises which the Group invested in, leading to a decrease in investment income.

During the Reporting Period, the net profit margin of the Group was approximately 5.86%, representing a decrease of 20.90 percentage points from approximately 26.76% for the corresponding period of 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (11) Earnings Per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Reporting Period by the weighted average number of ordinary Shares in issue during the Reporting Period. Earnings per Share of the Group for the Reporting Period amounted to RMB0.0273, representing a decrease of 85.20% from RMB0.1844 for the corresponding period of 2015. Please refer to Note V-47 to the financial statements for the calculation of earnings per Share.

## (12) Capital Structure, Cash Flows and Financial Resources

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

During the Reporting Period, net cash inflows generated from operating activities were RMB576,076 thousand, representing a decrease of RMB854,524 thousand or 59.73% from RMB1,430,600 thousand for the corresponding period of 2015. Such decrease was mainly attributable to a decrease in revenue during the Reporting Period.

During the Reporting Period, the net cash outflows from investing activities were RMB608,243 thousand, representing an increase of RMB1,306,060 thousand or 187.16% from RMB-697,817 thousand for the corresponding period of 2015. Such decrease was mainly attributable to the decrease in payment of construction fees and recovery of bank deposits with maturity over three months during the Reporting Period.

During the Reporting Period, the net cash inflows from financing activities were RMB-218,116 thousand, representing a decrease of approximately RMB-146,232 thousand from RMB-71,884 thousand for the corresponding period of 2015. Such change was mainly due to the decrease in the net increase of bank borrowings as compared with last year.

Based on the above, as at 30 June 2016, the Group held a balance of cash and cash equivalents of approximately RMB2,347,374 thousand, representing a decrease of RMB1,214,949 thousand or 34.11% from RMB3,562,323 thousand as at 30 June 2015.

As at 30 June 2016, the gearing ratio (total liabilities divided by total assets) of the Group was 54.32%, decreased by 1.78 percentage points as compared with the gearing ratio of 56.10% as at 30 June 2015.

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

	As at 30 June 2016 (RMB'000)	As at 30 June 2015 (RMB'000)
Net cash generated from operating activities	576,076	1,430,600
Net cash generated from investing activities	608,243	-697,817
Net cash generated from financing activities	-218,116	-71,884
Net increase in cash and cash equivalents	970,917	660,083
Cash and cash equivalents at the beginning of period	1,376,457	2,902,240
Cash and cash equivalents at the end of period	2,347,374	3,562,323

# MANAGEMENT DISCUSSION AND ANALYSIS

## (13) Exchange Rate Risks

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

## (14) Bank Loans and Other Borrowings

As of 30 June 2016, details of bank loans and other borrowings of the Group are set out in Notes V-20 and V-28 to the financial statements in this report.

## (15) Pledge of Assets and Contingent Liabilities

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

## (16) Capital Commitment

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

## (17) Management of Working Capital

	As at 30 June 2016	As at 30 June 2015
Current ratio	0.62	0.73
Quick ratio	0.52	0.67
Turnover days of trade receivables	14.01	11.45
Turnover days of trade payables	13.38	10.92

As at 30 June 2016, the current ratio and quick ratio of the Group were 0.62 and 0.52 respectively, representing decreases as compared with the current ratio and quick ratio of 0.73 and 0.67, respectively as at 30 June 2015. The turnover days of trade receivables for the Reporting Period were 14.01 days, representing an increase of 2.56 days from 11.45 days as compared with the corresponding period of 2015, whereas the turnover days of trade payables were 13.38 days, representing an increase of 2.46 days from 10.92 days as compared with the corresponding period of 2015. The above ratios and turnover days are still at a reasonable level.

## (18) Overview of Major Investments

During the Reporting Period, save for the disclosed information, the Group made no material investments in its subsidiaries or associated companies.

## (19) Material Acquisition and Disposal

During the Reporting Period, save for the disclosed information, there was no material acquisition of subsidiaries and associated companies by the Group.

## (20) Future Plans Relating to Material Investment or Capital Assets

As at the date of this report, save for the disclosed information, the Group did not enter into any agreement in respect of any proposed acquisitions and did not have any other future plans relating to material investment or capital asset.

# MANAGEMENT DISCUSSION AND ANALYSIS

---

## (III) PROSPECTS IN THE SECOND HALF OF 2016

In the second half of 2016, adverse factors affecting the coal transportation production of Qinhuangdao Port, namely weak market demands, diversion of coal resources by direct and new railways and strong competition of surrounding ports, will still exist. But the throughput of the Group has been stable on the current basis. The subsequent production and operation is expected to be improved as compared with the first half of 2016. Meanwhile, to cope with adverse situations and solve current problems, the Group will adopt various measures to ensure the stable operation of the port production.

In the second half of the year, the Group's main measures for each business segment are as follows:

### Coal business

The Group will continue to strengthen marketing, increase the visit frequency to substantial clients, solve problems in production, fully ensure the volume of coal handling business; strive to compete with others for railway cargo sources through the coordination linkage with Daqin line and its ancillary ports; and continuously meet client demands on value-added services by innovating cooperating models with them.

### Metal ores business

The Group will continue to manage cargo source, strive to explore new cargo source on the basis of ensuring the stability of current cargo source; improve the ports' operation efficiency by scientific berthing and unberthing organizing and production plans, as well as innovative transport mode; strive to achieve the early recovery of operation of Caofeidian Shiye Ore Terminal Phase One 2# berth through actively accelerating the works of project in progress and relevant formalities, so as to ensure the subsequent capacity input.

### Oil and liquefied chemicals business

The Group will actively maintain a tight connection with government and supervision authorities, further improve the communication with major clients, endeavour to accelerate the supervision on site construction and facilitate upgrading, fully leverage current equipment, proactively promote cooperation of key projects as well as adapt to the trend of market development.

### Container business

The Group will further expand cargoes of "dry bulk & general cargoes to containers" by fully leveraging the government's development strategy to integrate Beijing, Tianjin and Hebei Provinces and the favourable opportunity of rapid development of container business in Hebei Province; cooperate closely with railway and shipping companies to develop sources, stabilise and actively explore sea-rail intermodal transportation projects, strive to develop long distance hinterland cargoes and to proactively explore new shipping lines while improving the quality of shipping lines.

### General and other cargoes business

The Group will enhance the cavassation and market development, stabilise current resources while striving to seek new resources, actively respond to the port competition, further improve service quality; organise production critically, continuously improve loading and unloading efficiency, and continue to deepen the integrative development of harbour, industry and city as well as the integrative development of harbour and railway.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

## (V) EVENTS AFTER THE REPORTING PERIOD

On 19 July 2016, Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) (“Jingtang Railway Co”) (a 16.67% owned associated company of the Company) and China Railway Group Limited (中國中鐵股份有限公司) (“China Railway”) entered into the General Contracting Agreement on Investment and Construction of Jishugang Railway Project from Newly Constructed Shuichang Mine Area to Caofeidian Port Area\* (“新建水廠礦區至曹妃甸港區集疏港鐵路工程投資及施工總承包合同”) (the “General Contracting Agreement”). Under the General Contracting Agreement, China Railway shall invest in and construct the Shuicao Railway Project undertaken by Jingtang Railway Co and increase the capital of Jingtang Railway Co for no more than RMB2.9 billion to subscribe its equity interests.

Pursuant to the terms of the General Contracting Agreement, the Company, Beijing Shougang Resource Reuse Technology Co., Ltd. (北京首鋼資源再利用科技有限公司) (“Shougang Resource Reuse Technology Co”) and Jingtang Railway Co entered into the Repurchase Undertaking (“Repurchase Undertaking”), pursuant to which an undertaking is made to China Railway to repurchase the equity interests held by China Railway in Jingtang Railway Co within a specified period at the original cost. The Company and Shougang Resource Reuse Technology Co shall make the repurchase proportionate to their shareholding in Jingtang Railway Co, provided that the Company and Shougang Resource Reuse Technology Co shall take joint and several responsibility regarding the repurchase. Where Shougang Resource Reuse Technology Co is unable to perform its repurchase by then, the Company shall repurchase the equity interests of Jingtang Railway Co in the amount up to RMB2.9 billion and Jingtang Railway Co will become a subsidiary of the Company.

On the same date, the two shareholders of Shougang Resource Reuse Technology Co have signed an undertaking to the Company, pursuant to which, in the event that Shougang Resource Reuse Technology Co is unable to make the repurchase as agreed in the General Contracting Agreement, the two shareholders will make the repurchase as agreed in the General Contracting Agreement on behalf of Shougang Resource Reuse Technology Co, and will indemnify any loss incurred to the Company due to any delay in the repurchase. At the same time, the Company has also signed an undertaking to Shougang Resource Reuse Technology Co to indemnify any loss incurred to Shougang Resource Reuse Technology Co due to the Company's delay in the repurchase.

## (VI) EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at 30 June 2016, the Group has a total of 12,271 employees enrolled. Staff costs of the Group during the Reporting Period amounted to RMB1,043,027 thousand. Please refer to Notes V-23 and V-29 to the financial statements for the details of the Group's employees, remuneration policy and pension scheme.

# OTHER INFORMATION

## SHARE CAPITAL

As at 30 June 2016, the total issued share capital of the Company amounted to RMB5,029,412,000, which was divided into 5,029,412,000 Shares with a nominal value of RMB1.00 each, including:

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

Details of changes in share capital of the Company during the Reporting Period are set out in Note V-31 to the financial statements in this report.

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

As at 30 June 2016, so far as the Directors and Supervisors of the Company are aware, other than the Directors, Supervisors and the senior management of the Company and their respective associates, the following persons had or were deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Number of Shares held	Capacity in which the Shares were held	Class of Shares	Approximate percentage to the total number of relevant class of issued share capital of the Company	Approximate percentage to the total number of issued share capital of the Company	Long position/ short position
State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province	3,104,314,204 (note 1)	Interest of controlled corporation	Domestic Shares	73.92%	61.72%	Long position
HPG	3,104,314,204 (note 1)	Beneficial owner	Domestic Shares	73.92%	61.72%	Long position
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	629,824,026	Beneficial owner	Domestic Shares	15.00%	12.52%	Long position
Hebei Construction & Investment Communications Investment Co., Ltd.	212,692,830	Beneficial owner	Domestic Shares	5.06%	4.23%	Long position

## OTHER INFORMATION

Name of Shareholders	Number of Shares held	Capacity in which the Shares were held	Class of Shares	Approximate percentage to the total number of relevant class of issued share capital of the Company	Approximate percentage to the total number of issued share capital of the Company	Long position/ short position
Genesis Asset Managers, LLP	69,775,750	Investment manager	H Shares	8.41%	1.39%	Long position
Fosun Holdings Limited	44,839,500 (note 2)	Interest of controlled corporation	H Shares	5.40%	0.89%	Long position
Fosun International Holdings Ltd.	44,839,500 (note 2)	Interest of controlled corporation	H Shares	5.40%	0.89%	Long position
Fosun International Limited	44,839,500 (note 2)	Interest of controlled corporation	H Shares	5.40%	0.89%	Long position
GUO Guangchang (郭廣昌)	44,839,500 (note 2)	Beneficial owner	H Shares	5.40%	0.89%	Long position
China Shipping (Group) Company	44,296,500 (note 3)	Interest of controlled corporation	H Shares	5.34%	0.88%	Long position
China Shipping (H.K.) Holdings Co., Ltd.	44,296,500 (note 3)	Interest of controlled corporation	H Shares	5.34%	0.88%	Long position
China Shipping Ports Development Co., Ltd.	44,296,500 (note 3)	Beneficial owner	H Shares	5.34%	0.88%	Long position

### Notes:

1. State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province is the controlling shareholder of HPG, therefore, was deemed to be interested in 3,104,314,204 Shares of the Company under the SFO;
2. Each of Mr. GUO Guangchang (郭廣昌) (being the direct controlling shareholder of Fosun International Holdings Ltd.), Fosun International Holdings Ltd. (being the direct controlling shareholder of Fosun Holdings Limited) and Fosun Holdings Limited (being the direct controlling shareholder of Fosun International Limited) was deemed to be interested in 44,839,500 Shares of the Company respectively under the SFO; and
3. Each of China Shipping (Group) Company (being the direct controlling shareholder of China Shipping (H.K.) Holdings Co., Ltd.) and China Shipping (H.K.) Holdings Co., Ltd. (being the direct controlling shareholder of China Shipping Ports Development Co., Ltd.) was deemed to be interested in 44,296,500 Shares of the Company respectively under the SFO.

Save as disclosed above, as of 30 June 2016, to the best knowledge of the Directors and Supervisors of the Company, none of other persons (other than Directors, Supervisors and senior management of the Company and their respective associates) had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.



# OTHER INFORMATION

---

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

To the best knowledge of the Directors of the Company, as of 30 June 2016, none of the Directors, Supervisors or chief executives of the Company and their respective associates had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

## CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Changes in Directors, Supervisors and senior management during the Reporting Period

There is no change in Directors, Supervisors and senior management during the Reporting Period.

### Changes in Directors, Supervisors and senior management after the Reporting Period and up to the date of this report

There is no change in Directors, Supervisors and senior management after the Reporting Period and up to the date of this report.

## Changes in the information of Directors and Supervisors

Saved as disclosed in this report, during the Reporting Period, there was no information of Directors and Supervisors shall be disclosed under the Rule 13.51B(1) of Listing Rules and there was no change in any disclosed information.

## MATERIAL LITIGATION AND ARBITRATION

### Background of the Lawsuit with Shanxi Province

Reference is made to the chapter in relation to the litigation in the Prospectus. On 22 January 1986, the Qinhuangdao Port Management Bureau of Minister of Transportation (the predecessor entity of HPG) and the Planning Committee of Shanxi Province (the "Parties") entered into an agreement (the "Investment Agreement") pursuant to which Shanxi Province would invest RMB70 million to RMB80 million in the construction of three berths at the Wu Ji (戊己) terminals in Qinhuangdao Port, including any ancillary projects. In return, Shanxi Province would be granted favorable terms in coal or general cargo handling services during the investment period and after the construction of the three berths. In addition, Shanxi Province would have ownership rights in the three berths in proportion to its investments, and the three berths would be jointly operated by the Parties. After the execution of the Investment Agreement, the Planning Committee and Economic Committee of Shanxi Province established the Port Construction Command office of Shanxi Province in Qinhuangdao ("Shanxi Port Construction Command"), which was responsible for managing Shanxi Province's investments in the Wu Ji terminals. From 1986 through 1988, Shanxi Province paid an aggregate amount of RMB40 million for construction of the Wu Ji terminals. However, the construction work did not commence on time, and the Parties agreed to utilize the invested RMB40 million for the construction of other terminals of the Qinhuangdao Port.

## OTHER INFORMATION

---

Due to changes in national policies, the improvement of transportation capabilities was not included in the National Railway and Port Transportation Plan. Meanwhile, the approval for the construction of Wu Ji terminals was not obtained until August 1997. During this period, the national exemption policies on investment in underwater infrastructure changed, which caused a significant increase in the required investment amount by Shanxi Province. This change in policy broke the foundation of the Parties' cooperation, and Shanxi Province ceased to invest in Qinhuangdao Port. The Parties held a number of negotiations to settle the amount of RMB40 million already invested by Shanxi Province, but no agreement has been reached.

In April 2011, Shanxi Port Construction Command initiated a civil lawsuit (the "Lawsuit with Shanxi Province") in the Hebei Province High Court against HPG and the Company, as co-defendants, claiming that the Investment Agreement had terminated and that HPG and the Company should return to them a total loss of approximately RMB144.9 million, which includes the investment principal, accrued interests and management fees.

HPG has committed on 16 April 2012 that they will reimburse to the Group all damages, if and to the extent incurred by the Group, in connection with Lawsuit with Shanxi Province.

### Development in the Lawsuit with Shanxi Province during the Reporting Period and up to the Reporting Date

On 5 July 2016, Shanxi Port Construction Command, HPG and the Company entered into a settlement agreement (the "Settlement Agreement"), pursuant to which the parties agreed to conditionally terminate the Investment Agreement. The Company does not incur any compensation liability under the Settlement Agreement.

On 21 July 2016, the Hebei Province High Court issued a civil mediation certificate confirming the Settlement Agreement.

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

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has a risk management and internal control system which is strictly complied with in order to maintain the corporate governance and ensure that the Company has complied with the provisions of Corporate Governance Code. The Audit Committee has been reviewing the risk management and internal control system of the Company regularly, whilst such duties were not specified in the written terms of reference of the Audit Committee. To comply with amendments of Listing Rules while considering the schedule of Board meetings, the Company thereby, through the Board meeting held on 23 March 2016, approved the amendment of the terms of reference of the Audit Committee, of which duties of the Audit Committee regarding the risk management are specified. The above did not have a material and significant effect on the Company's corporate governance.

Save as disclosed herein, during the Reporting Period, so far as the Directors of the Company are aware, the Company has complied with the Corporate Governance Code and there has been no deviation from the provisions.

# OTHER INFORMATION

---

## COMPLIANCE WITH THE MODEL CODE

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

## INTERIM DIVIDENDS

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

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of Corporate Governance Code. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2016.

# REVIEW REPORT

---

Ernst & Young Hua Ming (2016) Zhuan Zi No. 61063699\_E09

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

We have reviewed the accompanying financial statements of Qinhuangdao Port Co., Ltd. and its subsidiaries, which comprise the consolidated and company balance sheets as at 30 June 2016, and the consolidated and company income statement, statement of changes in equity and statement of cash flows for the six months ended 30 June 2016, and notes to the financial statements (hereinafter referred to the "Interim Financial Statements"). Management of Qinhuangdao Port Co., Ltd. is responsible for the preparation of the Interim Financial Statements. Our responsibility is to issue a review report based on our review of the Interim Financial Statements.

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Meng Dong

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Zhang Yan

30 August 2016

# CONSOLIDATED BALANCE SHEET

30 June 2016

RMB

Assets	Note V	30 June 2016 (unaudited)	31 December 2015
<b>Current assets</b>			
Cash and Bank Balance	1	2,512,589,508.08	2,483,302,306.65
Bills receivables	2	93,079,224.11	83,760,965.06
Account receivables	3	188,427,223.66	178,236,586.19
Prepayments	4	8,812,350.80	5,347,566.22
Interest receivable		40,000.00	24,225.00
Dividends receivable	5	108,236,500.00	–
Other receivables	6	22,215,313.61	19,316,925.30
Inventories	7	208,440,392.49	197,221,032.56
Other current assets	8	346,375,647.49	198,769,174.41
<b>Total current assets</b>		<b>3,488,216,160.24</b>	<b>3,165,978,781.39</b>
<b>Non-current assets</b>			
Available-for-sale financial assets	9	710,376,014.95	710,376,014.95
Long-term equity investments	10	1,490,551,793.94	1,505,195,201.36
Investment properties	11	6,212,050.00	6,286,150.00
Fixed assets	12	10,705,735,474.42	11,007,187,787.64
Construction in progress	13	9,731,339,034.62	9,655,820,466.36
Intangible assets	14	923,794,577.10	934,630,231.45
Long-term prepaid expenses	15	3,436,615.49	3,586,952.39
Deferred tax assets	16	161,085,146.37	175,566,609.12
Other non-current assets	18	7,458,445.00	5,662,384.75
<b>Total non-current assets</b>		<b>23,739,989,151.89</b>	<b>24,004,311,798.02</b>
<b>Total assets</b>		<b>27,228,205,312.13</b>	<b>27,170,290,579.41</b>

# CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2016

RMB

Liabilities and shareholders' equity	Note V	30 June 2016 (unaudited)	31 December 2015
<b>Current liabilities</b>			
Short-terms borrowings	20	1,682,000,000.00	1,450,000,000.00
Account receivables	21	162,671,278.31	100,933,703.32
Deposits received	22	309,381,785.47	387,831,826.28
Employee benefits payable	23	130,924,534.78	117,489,734.18
Taxes payable	24	17,506,620.95	64,247,956.26
Interest payable	25	15,312,351.37	17,522,440.97
Dividends payable	26	754,412,109.29	2,309.54
Other payables	27	1,336,907,489.87	1,438,689,342.57
Non-current liabilities due within one year	28	1,214,010,732.92	679,102,320.56
<b>Total current liabilities</b>		<b>5,623,126,902.96</b>	<b>4,255,819,633.68</b>
<b>Non-current liabilities</b>			
Long-term borrowings	28	8,762,267,715.84	9,455,851,621.98
Long-term Employee benefits payable	29	68,834,035.47	65,492,908.50
Deferred income	30	335,471,194.48	352,227,786.10
<b>Total non-current liabilities</b>		<b>9,166,572,945.79</b>	<b>9,873,572,316.58</b>
<b>Total liabilities</b>		<b>14,789,699,848.75</b>	<b>14,129,391,950.26</b>
<b>Shareholder's equity</b>			
Share capital	31	5,029,412,000.00	5,029,412,000.00
Capital reserve	32	4,506,903,112.81	4,506,903,112.81
Other comprehensive income	46	2,632,175.10	1,788,437.76
Special reserve	33	21,899,283.23	10,884,608.51
Surplus reserve	34	1,015,722,853.98	1,015,722,853.98
Retained profit	35	634,273,642.53	1,251,321,607.34
<b>Total equity attributable to shareholders of the parent</b>		<b>11,210,843,067.65</b>	<b>11,816,032,620.40</b>
<b>Minority interests</b>		<b>1,227,662,395.73</b>	<b>1,224,866,008.75</b>
<b>Total shareholders' equity</b>		<b>12,438,505,463.38</b>	<b>13,040,898,629.15</b>
<b>Total liabilities and shareholders' equity</b>		<b>27,228,205,312.13</b>	<b>27,170,290,579.41</b>

The financial statement have been signed by:

Legal representative:

XING Luzhen

Person in charge of  
business operation:

TIAN Yunshan

Chief financial officer:

Guo Xikun

Head of accounting  
department:

Xie Hui

# CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

RMB

	Note V	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Operating revenue	36	2,388,258,879.82	3,474,429,018.16
Less: Operating cost	36	1,798,020,796.73	1,939,595,524.49
Business tax and surcharges	37	11,246,414.50	17,418,856.81
Selling expenses		72,551.04	44,333.92
Administrative expenses	38	386,921,667.41	383,564,562.03
Financial cost	39	116,136,289.87	152,047,648.94
Asset impairment loss	40	(25,941,805.98)	83,021.85
Add: Investment income	41	67,183,408.49	171,042,591.98
Including: investment income from associates and joint ventures		60,302,892.05	108,613,410.80
Operating profits		168,986,374.74	1,152,717,662.10
Add: Non-operating income	42	17,637,717.11	42,472,030.82
Including: gain on disposal of non-current assets		237,851.68	827,209.64
Less: Non-operating expenses	43	2,874,553.14	6,502,403.34
Including: losses on disposal of non-current assets		352,751.44	6,252,034.79
Total profit		183,749,538.71	1,188,687,289.58
Less: Income tax expense	45	43,826,517.33	258,872,511.29
Net profit		139,923,021.38	929,814,778.29
Net profit attributable to shareholders of the parent		137,363,835.19	927,465,711.51
Minority interests		2,559,186.19	2,349,066.78
Other comprehensive income, net of tax			
Other comprehensive income attributable to shareholders of the parent, net of tax			
Other comprehensive income that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign currency denominated financial statements	46	843,737.34	(697,922.36)
Other comprehensive income attributable to minority shareholders, net of tax		–	–
Total comprehensive income		140,766,758.72	929,116,855.93
Including: Total comprehensive income attributable to shareholders of the parent		138,207,572.53	926,767,789.15
Total comprehensive income attributable to minority shareholders		2,559,186.19	2,349,066.78
Earnings per share			
Basic and diluted earnings per share	47	0.03	0.18

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

RMB

Note V	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Sub-total		
I. Current period's opening balance	5,029,412,000.00	4,506,903,112.81	1,788,437.76	10,884,608.51	1,015,722,853.98	1,251,321,607.34	11,816,032,620.40	1,224,866,008.75	13,040,898,629.15
II. Changes during the period									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	137,363,835.19	137,363,835.19	2,559,186.19	139,923,021.38
2. Other comprehensive income	-	-	843,737.34	-	-	-	843,737.34	-	843,737.34
(II) Profit distribution									
1. Distribution to Shareholders 35	-	-	-	-	-	(754,411,800.00)	(754,411,800.00)	-	(754,411,800.00)
(III) Special reserve									
1. Accrual	-	-	-	36,762,141.13	-	-	36,762,141.13	375,970.50	37,138,111.63
2. Usage	-	-	-	(25,747,466.41)	-	-	(25,747,466.41)	(138,769.71)	(25,886,236.12)
III. Current period's closing balance	5,029,412,000.00	4,506,903,112.81	2,632,175.10	21,899,283.23	1,015,722,853.98	634,273,642.53	11,210,843,067.65	1,227,662,395.73	12,438,505,463.38



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2015

RMB

	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Sub-total		
I. Current period's opening balance	5,029,412,000.00	4,506,903,112.81	-	21,544,992.62	884,205,714.39	1,798,642,550.46	12,240,708,370.28	1,177,066,945.45	13,417,775,315.73
II. Changes during the period									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	927,465,711.51	927,465,711.51	2,349,066.78	929,814,778.29
2. Other comprehensive income	-	-	(697,922.36)	-	-	-	(697,922.36)	-	(697,922.36)
(II) Contributions from Shareholders									
1. Establishment of new subsidiaries	-	-	-	-	-	-	-	44,000,000.00	44,000,000.00
(III) Profit distribution									
1. Distribution to Shareholders	-	-	-	-	-	(1,760,294,200.00)	(1,760,294,200.00)	-	(1,760,294,200.00)
(IV) Special reserve									
1. Accrual	-	-	-	37,728,619.85	-	-	37,728,619.85	338,777.63	38,067,397.48
2. Usage	-	-	-	(24,806,097.91)	-	-	(24,806,097.91)	(232,569.85)	(25,038,667.76)
III. Current period's closing balance	5,029,412,000.00	4,506,903,112.81	(697,922.36)	34,467,514.56	884,205,714.39	965,814,061.97	11,420,104,481.37	1,223,522,220.01	12,643,626,701.38

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

RMB

	Note V	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		2,425,734,168.67	3,707,550,270.98
Cash received relating to other operating activities		17,539,163.32	53,420,610.30
Sub-total of cash inflows		2,443,273,331.99	3,760,970,881.28
Cash paid for goods and services		433,546,662.91	488,077,176.18
Cash paid to and on behalf of employees		1,001,655,487.97	1,077,504,571.44
Cash paid for all taxes		220,361,610.81	589,013,893.17
Cash paid relating to other operating activities		211,633,613.83	175,775,444.58
Sub-total of cash outflows		1,867,197,375.52	2,330,371,085.37
Net cash flows from operating activities	48	576,075,956.47	1,430,599,795.91
II. Cash flows from investing activities			
Cash received from return of investment		1,089,660,540.00	142,000,000.00
Cash received from investment income		3,628,241.44	30,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		269,108.41	1,247,660.11
Cash received relating to other investing activities		–	5,863,000.00
Sub-total of cash inflows		1,093,557,889.85	179,110,660.11
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		200,915,272.17	770,948,141.46
Cash paid for investments		284,400,000.00	105,979,200.00
Sub-total of cash outflows		485,315,272.17	876,927,341.46
Net cash flows from investing activities		608,242,617.68	(697,816,681.35)

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2016

RMB

	Note V	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
III. Cash flows from financing activities			
Cash received from capital contribution		–	44,000,000.00
Including: cash received from capital contribution by minority shareholders to subsidiaries		–	44,000,000.00
Cash received from borrowings		827,669,233.00	1,592,482,701.90
Sub-total of cash inflows		827,669,233.00	1,636,482,701.90
Cash paid for repayments of borrowings		754,344,726.78	1,364,315,581.43
Cash paid for distribution of dividends or profits and for interest expenses		290,440,224.87	344,051,420.24
Including: dividends paid to minority shareholders by subsidiaries		–	–
Cash paid relating to other financing activities		1,000,000.00	–
Sub-total of cash outflows		1,045,784,951.65	1,708,367,001.67
Net cash flows from financing activities		(218,115,718.65)	(71,884,299.77)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		4,714,345.93	(815,174.27)
V. Net increase in cash and cash equivalents		970,917,201.43	660,083,640.52
Add: Balance of cash and cash equivalents at the beginning of the period		1,376,457,026.65	2,902,239,590.05
VI. Balance of cash and cash equivalents at the end of the period	48	2,347,374,228.08	3,562,323,230.57

# COMPANY BALANCE SHEET

30 June 2016

RMB

Assets	Note XIII	30 June 2016 (unaudited)	31 December 2015
<b>Current assets</b>			
Cash and bank balances		1,299,792,364.68	1,199,009,028.77
Bills receivable		83,322,425.20	80,461,519.44
Accounts receivable	1	169,812,896.47	160,791,672.57
Prepayments		2,780,170.37	1,394,571.21
Dividends receivable		105,000,000.00	–
Other receivables	2	5,003,562.12	6,084,467.62
Inventories		187,100,666.19	184,081,916.52
Other current assets		38,257,854.21	6,843,817.12
<b>Total current assets</b>		<b>1,891,069,939.24</b>	<b>1,638,666,993.25</b>
<b>Non-current assets</b>			
Available-for-sale financial assets	3	562,752,357.95	562,752,357.95
Long-term equity investments	4	7,013,910,573.89	7,053,952,610.31
Investment properties		6,212,050.00	6,286,150.00
Fixed assets		5,224,636,958.69	5,551,259,522.13
Construction in progress		86,024,657.35	68,387,450.36
Intangible assets		403,144,349.61	407,323,430.54
Deferred tax assets		123,148,297.86	132,672,352.34
Other non-current assets		5,463,625.00	5,463,625.00
<b>Total non-current assets</b>		<b>13,425,292,870.35</b>	<b>13,788,097,498.63</b>
<b>Total assets</b>		<b>15,316,362,809.59</b>	<b>15,426,764,491.88</b>

# COMPANY BALANCE SHEET (CONTINUED)

30 June 2016

RMB

Liabilities and shareholders' equity	30 June 2016 (unaudited)	31 December 2015
<b>Current liabilities</b>		
Short-term borrowings	1,600,000,000.00	1,410,000,000.00
Accounts payable	128,198,505.06	55,227,856.76
Deposits received	277,180,798.78	355,113,884.37
Employee benefits payable	119,944,132.24	111,009,627.26
Taxes payable	9,788,210.71	59,183,636.25
Interest payable	2,554,375.00	3,133,487.50
Dividends payable	754,412,109.29	2,309.54
Other payables	195,261,585.92	226,304,983.55
Non-current liabilities due within one year	570,000,000.00	328,000,000.00
<b>Total current liabilities</b>	<b>3,657,339,717.00</b>	<b>2,547,975,785.23</b>
<b>Non-current liabilities</b>		
Long-term borrowings	–	570,000,000.00
Long-term Employee benefits payable	68,834,035.47	65,492,908.50
Deferred income	335,471,194.48	352,227,786.10
<b>Total non-current liabilities</b>	<b>404,305,229.95</b>	<b>987,720,694.60</b>
<b>Total liabilities</b>	<b>4,061,644,946.95</b>	<b>3,535,696,479.83</b>
<b>Shareholders' equity</b>		
Share capital	5,029,412,000.00	5,029,412,000.00
Capital reserve	4,500,194,317.96	4,500,194,317.96
Special reserve	18,010,971.90	10,696,105.01
Surplus reserve	1,015,584,509.21	1,015,584,509.21
Retained profits	691,516,063.57	1,335,181,079.87
<b>Total shareholders' equity</b>	<b>11,254,717,862.64</b>	<b>11,891,068,012.05</b>
<b>Total liabilities and shareholders' equity</b>	<b>15,316,362,809.59</b>	<b>15,426,764,491.88</b>

# COMPANY INCOME STATEMENT

For the six months ended 30 June 2016

RMB

	Note XIII	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Revenue	5	1,873,978,257.24	2,997,507,345.64
Less: Operating costs	5	1,450,056,153.73	1,604,888,158.21
Business tax and surcharges		8,564,893.96	14,965,525.96
Administrative expenses		348,419,675.77	348,699,646.24
Financial costs		32,814,282.26	49,657,601.63
Asset impairment loss		(26,335,588.42)	(2,191,461.88)
Add: Investment income	6	65,304,263.05	169,402,447.43
Including: investment income from associates and joint ventures		62,904,263.05	110,152,447.43
Operating profit		125,763,102.99	1,150,890,322.91
Add: Non-operating income		17,120,983.13	42,392,609.20
Including: gain on disposal of non-current assets		237,851.68	827,209.64
Less: Non-operating expenses		2,874,552.74	6,388,278.73
Including: losses on disposal of non-current assets		352,751.44	6,240,752.18
Total profit		140,009,533.38	1,186,894,653.38
Less: Income tax expenses		29,262,749.68	257,220,637.20
Net profit		110,746,783.70	929,674,016.18
Other comprehensive income, net of tax		–	–
Total comprehensive income		110,746,783.70	929,674,016.18

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 and 2015

RMB

## For the six months ended 30 June 2016 (unaudited)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current period's opening balance	5,029,412,000.00	4,500,194,317.96	10,696,105.01	1,015,584,509.21	1,335,181,079.87	11,891,068,012.05
II. Changes during the period						
(I) Total comprehensive income	-	-	-	-	110,746,783.70	110,746,783.70
(II) Profit distribution						
1. Distribution to Shareholders	-	-	-	-	(754,411,800.00)	(754,411,800.00)
(III) Special reserve						
1. Accrual	-	-	31,466,313.49	-	-	31,466,313.49
2. Usage	-	-	(24,151,446.60)	-	-	(24,151,446.60)
III. Current period's closing balance	5,029,412,000.00	4,500,194,317.96	18,010,971.90	1,015,584,509.21	691,516,063.57	11,254,717,862.64

## For the six months ended 30 June 2015 (unaudited)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current period's opening balance	5,029,412,000.00	4,500,194,317.96	10,188,279.91	884,067,369.62	1,911,821,023.60	12,335,682,991.09
II. Changes during the period						
(I) Total comprehensive income	-	-	-	-	929,674,016.18	929,674,016.18
(II) Profit distribution						
1. Distribution to Shareholders	-	-	-	-	(1,760,294,200.00)	(1,760,294,200.00)
(III) Special reserve						
1. Accrual	-	-	33,825,041.44	-	-	33,825,041.44
2. Usage	-	-	(23,495,280.66)	-	-	(23,495,280.66)
III. Current period's closing balance	5,029,412,000.00	4,500,194,317.96	20,518,040.69	884,067,369.62	1,081,200,839.78	11,515,392,568.05

# COMPANY STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

RMB

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	1,885,120,866.04	3,181,306,032.08
Cash received relating to other operating activities	12,359,988.28	47,487,081.28
Sub-total of cash inflows	<b>1,897,480,854.32</b>	3,228,793,113.36
Cash paid for goods and services	309,291,491.14	408,994,434.02
Cash paid to and on behalf of employees	913,821,341.53	992,563,739.98
Cash paid for all taxes	193,634,402.96	535,371,012.22
Cash paid relating to other operating activities	185,009,402.38	170,926,488.68
Sub-total of cash outflows	<b>1,601,756,638.01</b>	2,107,855,674.90
Net cash flows from operating activities	<b>295,724,216.31</b>	1,120,937,438.46
II. Cash flows from investing activities		
Cash received from return of investment	825,500,540.00	55,000,000.00
Cash received from investment income	2,400,000.00	30,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	269,108.41	1,240,443.13
Cash received relating to other investing activities	-	5,863,000.00
Sub-total of cash inflows	<b>828,169,648.41</b>	92,103,443.13
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	40,514,971.24	49,065,027.30
Cash paid for investments	-	96,115,000.00
Sub-total of cash outflows	<b>40,514,971.24</b>	145,180,027.30
Net cash flows from investing activities	<b>787,654,677.17</b>	(53,076,584.17)



# COMPANY STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 2016

RMB

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
III. Cash flows from financing activities		
Cash received from borrowings	490,000,000.00	600,000,000.00
Sub-total of cash inflows	490,000,000.00	600,000,000.00
Cash paid for repayments of borrowings	628,000,000.00	1,310,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	47,430,663.91	68,811,279.56
Cash paid relating to other financing activities	1,000,000.00	-
Sub-total of cash outflows	676,430,663.91	1,378,811,279.56
Net cash flows from financing activities	(186,430,663.91)	(778,811,279.56)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	3,835,106.34	(134,601.37)
V. Net increase in cash and cash equivalents	900,783,335.91	288,914,973.36
Add: Balance of cash and cash equivalents at the beginning of the period	398,793,748.77	1,772,075,428.54
VI. Balance of cash and cash equivalents at the end of the period	1,299,577,084.68	2,060,990,401.90

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## I. GENERAL INFORMATION

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

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

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

The financial statement has been approved by the board of directors of the Company by resolutions on 30 August 2016.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope is consistent with that of previous year save for the subsidiaries newly established during the accounting period for the six months ended 30 June 2016.

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with “Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting” issued by the Ministry of Finance, thus they do not include all the information and disclosures in the audited financial statements for the year ended 2015. Therefore, these interim financial statements should be read together with the financial statements of the Group for the year ended 2015 prepared pursuant to the accounting standards for business enterprises.

As of 30 June 2016, the Group’s net current liabilities amounted to approximately RMB2.135 billion. In preparing the financial statements, the management have considered the Group’s sources of liquidity, and believe that adequate funding is available to fulfil the Group’s debt obligations and capital expenditure requirements. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

### 1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 30 June 2016 and their financial performance and cash flows for the accounting period for the six months ended 30 June 2016. The accounting policies used in these interim financial statements are the same as those followed in the preparation of the Group's last year's financial statements.

### 2. Accounting Period

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

### 3. Functional Currency

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 4. Business Combinations (continued)

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

#### Business combinations under common control

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

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

#### Business combinations not under common control

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 5. Consolidated Financial Statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the accounting period for the six months ended 30 June 2016 of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company.

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

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

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

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

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

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

### 6. Classifications of Joint Arrangement and Joint Operations

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Cash and Cash Equivalents

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial Instruments

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

#### Recognition and derecognition of financial instruments

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

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

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

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

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

#### Classification and measurement of financial assets

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial Instruments (Continued)

#### Classification and measurement of financial assets (Continued)

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

##### *Financial assets at fair value through profit or loss*

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

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

##### *Held-to-maturity investments*

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

##### *Loans and receivables*

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

##### *Available-for-sale financial assets*

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

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



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial Instruments (Continued)

#### Classification and measurement of financial liabilities

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

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

#### *Financial liabilities at fair value through profit or loss*

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

#### *Other financial liabilities*

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

#### Offsetting of financial instruments

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

#### Impairment of financial assets

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial Instruments (Continued)

#### Impairment of financial assets (Continued)

##### *Financial assets carried at amortised cost*

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

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

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

##### *Available-for-sale financial assets*

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

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

##### *Financial assets carried at cost*

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial Instruments (Continued)

#### Transfers of financial assets

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

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

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

### 10. Receivables

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Receivables (Continued)

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

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

### 11. Inventories

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

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

The Group adopts perpetual inventory system.

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 12. Long-term equity investments

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 12. Long-term equity investments (Continued)

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 13. Investment properties

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

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

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

### 14. Fixed assets

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 15. Construction in Progress

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

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

### 16. Borrowing Costs

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

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

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

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred;
- (3) activities relating to the acquisition or construction of the asset that are necessary to prepare the asset for its intended use have commenced.

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

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

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any temporary interest earned from deposits or investment income.
- (2) where funds are borrowed for a general purpose, the amount of interest to be capitalised is determined by multiplying the weighted average of the excess amounts of accumulated expenditure on asset over the expenditure of specific-purpose borrowings by the weighted average interest rate.

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



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 17. Intangible assets

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

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

The useful lives of the intangible assets are as follows:

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

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

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

### 18. Asset Impairment

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 18. Asset Impairment (Continued)

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

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

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

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

### 19. Long-term Prepaid Expenses

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

### 20. Employee Benefits

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

#### Short-term employee benefits

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

#### Post-employment benefits (defined contribution plans)

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 20. Employee Benefits (Continued)

#### Termination benefits

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

#### Other long-term employee benefits

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

### 21. Provisions

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

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 22. Revenues

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

#### Revenue from the sales of goods

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

#### Revenue from the rendering of services

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 22. Revenues (continued)

#### Lease income

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

#### Interest income

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

### 23. Government Grants

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

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

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

### 24. Income Tax

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 24. Income Tax (continued)

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

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

- (1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss.
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred income tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised in the future.

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 25. Lease

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

#### In the case of being the lessee of an operating lease

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

#### In the case of being the lessor of an operating lease

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

### 26. Profit Distribution

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

### 27. Production Safety Expense

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

### 28. Significant Accounting Judgments and Estimates

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

#### Uncertainty of estimation

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Significant Accounting Judgments and Estimates (continued)

#### Uncertainty of estimation (continued)

##### *Useful lives and residual values of fixed assets*

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

##### *Impairment of accounts receivable and other receivables*

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

##### *Allowance for inventories*

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

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

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

##### *Deferred income tax assets*

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



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

## IV. TAXATION

### 1. Major Categories of Taxes and Respective Tax Rates

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

### 2. Tax Preferences

#### Enterprise income tax

As recognised by relevant authorities, Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd., are eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by above companies from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for a tax exemption for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and Bank Balances

	30 June 2016 (unaudited)	31 December 2015
Cash on hand	129,195.22	52,597.44
Bank deposits	2,512,460,312.86	2,483,249,709.21
	<b>2,512,589,508.08</b>	2,483,302,306.65
Less: Restricted bank deposits	215,280.00	9,685,280.00
Time deposits with maturity of more than three months	165,000,000.00	1,097,160,000.00
Cash and cash equivalents	<b>2,347,374,228.08</b>	1,376,457,026.65

As at 30 June 2016, the ownership of the bank deposits of the payment guarantee deposits amounting to RMB215,280.00 (31 December 2015: RMB215,280.00) of the Group for the purpose of project construction was subject to restriction. In 2015, the deposit of letter of credit amounting to RMB9,470,000.00 due to the purchase of goods were due during the period and used as payment for purchasing goods.

As at 30 June 2016, the cash and bank balances deposited overseas by the Group were equivalent to RMB68,915,828.61 (31 December 2015: RMB71,098,613.02).

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

### 2. Bills Receivable

	30 June 2016 (unaudited)	31 December 2015
Commercial acceptance notes	–	6,000,000.00
Bank acceptance notes	93,079,224.11	77,760,965.06
	<b>93,079,224.11</b>	83,760,965.06

As at 30 June 2016, no bills receivable of the Group was pledged (31 December 2015: nil).

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 2. Bills Receivable (continued)

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

	30 June 2016 (unaudited)		31 December 2015	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	13,390,000.00	–	8,250,000.00	–

### 3. Accounts Receivable

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

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

	30 June 2016 (unaudited)	31 December 2015
Within 1 year	126,631,871.43	103,126,175.89
1 to 2 years	75,483,111.56	89,158,637.28
2 to 3 years	284,983.95	32,827.71
Over 3 years	1,655,441.05	1,655,441.05
	204,055,407.99	193,973,081.93
Less: Provision for bad debts	15,628,184.33	15,736,495.74
	188,427,223.66	178,236,586.19

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

	Opening balance in the period/year	Provision in the current period/year	Reversal in the current period/year	Write-off in the current period/year	Closing balance in the period/year
For the six months ended 30 June 2016 (unaudited)	15,736,495.74	209,766.28	(318,077.69)	–	15,628,184.33
2015	13,220,501.10	2,688,797.52	(172,802.88)	–	15,736,495.74

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 3. Accounts Receivable (continued)

	30 June 2016 (unaudited)				31 December 2015			
	Balance		Provision for bad debts		Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	126,631,871.43	62.06	6,207,824.71	5	103,126,175.89	53.17	5,157,274.95	5
1 to 2 years	75,483,111.56	36.99	7,702,787.09	10	89,158,637.28	45.96	8,913,931.43	10
2 to 3 years	284,983.95	0.14	62,131.48	30	32,827.71	0.02	9,848.31	30
Over 3 years	1,655,441.05	0.81	1,655,441.05	100	1,655,441.05	0.85	1,655,441.05	100
	<b>204,055,407.99</b>	<b>100.00</b>	<b>15,628,184.33</b>		<b>193,973,081.93</b>	<b>100.00</b>	<b>15,736,495.74</b>	

As at 30 June 2016 and 31 December 2015, the Group performed the impairment test in respect of single accounts receivable that was significant, and considered there was no need for the provision for bad debts separately. The Group grouped these accounts receivable and made the provision for bad debts by method of ageing analysis.

### 4. Prepayments

An aged analysis of prepayments is as follows:

	30 June 2016 (unaudited)		31 December 2015	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	8,688,787.05	98.60	5,338,863.21	99.83
1 to 2 years	123,563.75	1.40	5,153.01	0.10
2 to 3 years	–	–	3,550.00	0.07
	<b>8,812,350.80</b>	<b>100.00</b>	<b>5,347,566.22</b>	<b>100.00</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 5. Dividends Receivable

	30 June 2016 (unaudited)	31 December 2015
Tangshan Caofeidian Shiye Port Co., Ltd., (唐山曹妃甸實業港務有限公司)	105,000,000.00	–
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	3,236,500.00	–
	108,236,500.00	–

### 6. Other Receivables

An aged analysis of other receivables is as follows:

	30 June 2016 (unaudited)	31 December 2015
Within 1 year	9,748,488.25	5,687,571.24
1 to 2 years	13,899,938.90	13,545,467.77
2 to 3 years	564,637.70	2,414,592.10
Over 3 years	130,881.24	25,631,421.24
	24,343,946.09	47,279,052.35
Less: Provision for bad debts of other receivables	2,128,632.48	27,962,127.05
	22,215,313.61	19,316,925.30

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 6. Other Receivables (continued)

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

	Opening balance in the period/year	Provision in the current period/year	Reversal in the current period/year	Write-off in the current period/year	Closing balance in the period/year
For the six months ended 30 June 2016 (unaudited)	27,962,127.05	228,676.66	(26,062,171.23)	–	2,128,632.48
2015	46,061,804.61	1,323,532.57	(19,423,210.13)	–	27,962,127.05

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

	30 June 2016 (unaudited)				31 December 2015			
	Balance		Provision for bad debts		Balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	9,748,488.25	40.04	457,964.85	5	5,687,571.24	12.03	248,445.48	5
1 to 2 years	13,899,938.90	57.10	1,380,895.08	10	13,545,467.77	28.65	1,352,878.82	10
2 to 3 years	564,637.70	2.32	158,891.31	30	2,414,592.10	5.11	729,381.51	30
3 to 4 years	–	–	–	–	130,881.24	0.28	130,881.24	100
Over 4 years	130,881.24	0.54	130,881.24	100	25,500,540.00	53.93	25,500,540.00	100
	24,343,946.09	100.00	2,128,632.48		47,279,052.35	100.00	27,962,127.05	

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 6. Other Receivables (continued)

Other receivables by nature are as follows:

	30 June 2016 (unaudited)	31 December 2015
Equity transfer consideration	–	25,500,540.00
Government grants	12,019,600.00	12,019,600.00
Deposits	5,697,695.66	4,225,252.46
Utilities	1,249,268.94	1,463,716.24
Others	5,377,381.49	4,069,943.65
	<b>24,343,946.09</b>	<b>47,279,052.35</b>

As at 30 June 2016, the government grants receivable were as follows:

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 7. Inventories

	30 June 2016 (unaudited)			31 December 2015		
	Balance	Provision for Impairment	Carrying amount	Balance	Provision for Impairment	Carrying amount
Materials	85,178,152.09	–	85,178,152.09	79,654,821.21	–	79,654,821.21
Fuels	6,846,146.16	–	6,846,146.16	6,306,216.48	–	6,306,216.48
Spare parts	111,902,283.28	–	111,902,283.28	108,369,833.83	–	108,369,833.83
Low-cost consumables	2,795,510.61	–	2,795,510.61	1,847,101.90	–	1,847,101.90
Finished goods	1,718,300.35	–	1,718,300.35	1,043,059.14	–	1,043,059.14
	<b>208,440,392.49</b>	<b>–</b>	<b>208,440,392.49</b>	<b>197,221,032.56</b>	<b>–</b>	<b>197,221,032.56</b>

### 8. Other Current Assets

	30 June 2016 (unaudited)	31 December 2015
Accumulated deductible value-added taxes	183,715,229.88	187,893,216.70
Prepaid enterprise income tax	38,260,417.61	10,875,957.71
Financial products Note	124,400,000.00	–
	<b>346,375,647.49</b>	<b>198,769,174.41</b>

Note: The Group held principal guaranteed floating-income financial products of RMB113,000,000.00 and RMB11,400,000.00 managed by Bank of Communications Co., Limited and Bank of China Limited respectively, with maturities of 90 days to 300 days.



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 9. Available-for-sale Financial Assets

	30 June 2016 (unaudited)	31 December 2015
Available-for-sale equity instruments	710,376,014.95	710,376,014.95

As at 30 June 2016, the equity investments held by the Group in unlisted companies in the PRC are measured at cost. The Group does not intend to dispose of these investments. The details are as follows:

Investee	Shareholding	31 December 2015	Increase in the period	Decrease in the period	30 June 2016	Cash dividend for the period
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	15.00%	498,000,000.00	-	-	498,000,000.00	2,400,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	17.00%	34,000,000.00	-	-	34,000,000.00	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	12.94%	30,752,357.95	-	-	30,752,357.95	-
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	10.00%	701,747.00	-	-	701,747.00	-
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	16.00%	65,040,000.00	-	-	65,040,000.00	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	18.03%	81,881,910.00	-	-	81,881,910.00	3,236,500.00
Total		710,376,014.95	-	-	710,376,014.95	5,636,500.00

  

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

As at 30 June 2016 and 31 December 2015, the management of the Company considered that provision for impairment of available-for-sale financial assets was not necessary.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 10. Long-term equity investments

For the six months ended 30 June 2016 (unaudited)

	Increase/(decrease) during the period						Closing carrying amount	Period-end provision for impairment
	Opening balance	Increase in investment	Share of (losses)/profits	Declaration of cash dividend	Other equity movements	Provision for impairment		
Non-listing investment Equity method:								
Joint ventures								
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	99,285,990.07	-	(2,014,855.82)	-	-	-	97,271,134.25	-
Sub-total	99,285,990.07	-	(2,014,855.82)	-	-	-	97,271,134.25	-
Associates								
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	932,604.68	-	(932,604.68)	-	-	-	-	-
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	211,146,190.86	-	(1,723,386.16)	-	-	-	209,422,804.70	-
Tangshan Caofeidian Shiyi Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,004,030,593.63	-	66,822,965.55	(105,000,000.00)	2,053,700.53	-	967,907,259.71	-
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	20,000,000.00	-	-	-	-	-	20,000,000.00	-
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	73,388,752.49	-	(1,818,279.20)	-	-	-	71,570,473.29	-
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	35,960,996.42	-	(616,602.73)	-	-	-	35,344,393.69	-
Cangzhou Bohai New Zone Gangying Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	60,450,073.21	28,000,000.00	585,655.09	-	-	-	89,035,728.30	-
Sub-total	1,405,909,211.29	28,000,000.00	62,317,747.87	(105,000,000.00)	2,053,700.53	-	1,393,280,659.69	-
Total	1,505,195,201.36	28,000,000.00	60,302,892.05	(105,000,000.00)	2,053,700.53	-	1,490,551,793.94	-

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 10. Long-term equity investments (continued)

2015

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 11. Investment Properties

#### Land use right

Investment properties measured under the cost method:

	For the six months ended 30 June 2016 (unaudited)	2015
Cost		
Opening balance in the period/year and closing balance in the period/year	7,410,000.00	7,410,000.00
Accumulated depreciation		
Opening balance in the period/year	1,123,850.00	975,650.00
Provision for the period/year	74,100.00	148,200.00
Closing balance in the period/year	1,197,950.00	1,123,850.00
Carrying amounts		
Opening balance in the period/year	6,286,150.00	6,434,350.00
Closing balance in the period/year	6,212,050.00	6,286,150.00

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

As at 30 June 2016 and 31 December 2015, the above investment properties were all leased out under operating leases.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 12. Fixed Assets

For the six months ended 30 June 2016 (unaudited)

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2016	2,902,849,663.25	7,431,040,336.37	7,412,516,280.18	457,834,667.72	211,285,292.31	18,415,526,239.83
Purchase	-	-	-	-	178,096.97	178,096.97
Transferred from construction in progress	181,791,384.24	-	27,207,723.45	2,470,395.14	455,170.09	211,924,672.92
Reclassification	8,168,333.00	5,046,352.00	(13,163,849.00)	-	(50,836.00)	-
Transferred to construction in progress due to renovation and retrofitting	-	-	(114,513.00)	-	-	(114,513.00)
Disposal for the period	-	-	(2,357,171.00)	(1,733,784.00)	(643,584.00)	(4,734,539.00)
30 June 2016	3,092,809,380.49	7,436,086,688.37	7,424,088,470.63	458,571,278.86	211,224,139.37	18,622,779,957.72
Accumulated depreciation						
1 January 2016	903,473,198.69	1,438,514,110.99	4,589,984,822.12	304,797,044.44	165,318,973.71	7,402,088,149.95
Provision for the period (Note)	65,513,701.18	148,064,717.42	272,363,237.62	20,735,601.43	6,490,381.90	513,167,639.55
Reclassification	822,653.38	448,704.74	(1,250,626.44)	-	(20,731.68)	-
Transferred to construction in progress due to renovation and retrofitting	-	-	(111,077.61)	-	-	(111,077.61)
Disposal for the period	-	-	(2,089,018.51)	(1,681,770.48)	(579,741.84)	(4,350,530.83)
30 June 2016	969,809,553.25	1,587,027,533.15	4,858,897,337.18	323,850,875.39	171,208,882.09	7,910,794,181.06
Provision for impairment						
1 January 2016 and 30 June 2016	-	-	6,162,977.29	-	87,324.95	6,250,302.24
Carrying amounts of fixed assets						
30 June 2016	2,122,999,827.24	5,849,059,155.22	2,559,028,156.16	134,720,403.47	39,927,932.33	10,705,735,474.42
1 January 2016	1,999,376,464.56	5,992,526,225.38	2,816,368,480.77	153,037,623.28	45,878,993.65	11,007,187,787.64

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 12. Fixed Assets (continued)

2015

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

Note: For the six months ended 30 June 2016, depreciation of RMB1,058,609.18 (2015: RMB2,320,935.22) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 30 June 2016, the Group has no fixed assets which were temporarily idle (31 December 2015: nil).

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 12. Fixed Assets (continued)

Fixed assets leased out under operating leases are as follows:

	30 June 2016 (unaudited)	31 December 2015
Terminal facilities	819,247,705.12	842,393,325.64
Machinery and equipment	6,562,625.55	25,118,876.98
Buildings	16,107,275.90	16,347,134.12
Vessels and transportation equipment	–	110,332.47
Office and other equipment	7,282.42	8,270.38
	<b>841,924,888.99</b>	<b>883,977,939.59</b>

### 13. Construction in Progress

	30 June 2016 (unaudited)			31 December 2015		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	4,771,490,423.01	–	4,771,490,423.01	4,713,322,622.32	–	4,713,322,622.32
Phase 2 of coal terminal project in Caofeidian	4,784,732,891.63	–	4,784,732,891.63	4,633,263,190.17	–	4,633,263,190.17
Commencing project of complex port zone in Huanghua Port	63,429,767.82	–	63,429,767.82	220,310,366.09	–	220,310,366.09
Construction project of wind-proof net for coal stacking yards	1,922,973.00	–	1,922,973.00	715,800.00	–	715,800.00
Renovation project for reutilization of wastewater with dust	19,638,915.38	–	19,638,915.38	13,953,619.38	–	13,953,619.38
Wastewater treatment project of Phase One and Phase Two coal project	17,103,598.00	–	17,103,598.00	16,337,266.00	–	16,337,266.00
Renovation project for dry fog dust suppression of dumpers	9,048,197.76	–	9,048,197.76	9,048,197.76	–	9,048,197.76
Others	63,972,268.02	–	63,972,268.02	48,869,404.64	–	48,869,404.64
Total	<b>9,731,339,034.62</b>	<b>–</b>	<b>9,731,339,034.62</b>	<b>9,655,820,466.36</b>	<b>–</b>	<b>9,655,820,466.36</b>

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 13. Construction in Progress (continued)

For the six months ended 30 June 2016 (unaudited)

	Budget	Opening balance	Increase in the period	Transferred from fixed assets during the period	Transferred to fixed assets and intangible assets during the period	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 2 of coal terminal project in Caofeidian	5,428,903,500.00	4,633,263,190.17	151,492,436.51	-	(22,735.05)	4,784,732,891.63	Loans from financial institutes and self-owned capital	89
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	4,713,322,622.32	59,328,332.15	-	(1,160,531.46)	4,771,490,423.01	Funds raised, loans from financial institutes and self-owned capital	83
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	220,310,366.09	24,910,785.97	-	(181,791,384.24)	63,429,767.82	Loans from financial institutes and self-owned capital	87
Construction project of wind-proof net for coal stacking yards	378,000,000.00	715,800.00	1,207,173.00	-	-	1,922,973.00	Self-owned capital	64
Renovation project for reutilization of wastewater with dust	32,020,000.00	13,953,619.38	5,685,296.00	-	-	19,638,915.38	Self-owned capital	65
Wastewater treatment project of Phase One and Phase Two coal project	33,790,000.00	16,337,266.00	766,332.00	-	-	17,103,598.00	Self-owned capital	51
Renovation project for dry fog dust suppression of dumpers	19,480,000.00	9,048,197.76	-	-	-	9,048,197.76	Self-owned capital	46
Others	1,119,393,318.66	48,869,404.64	46,567,313.46	3,435.39	(31,467,885.47)	63,972,768.02	Self-owned capital	
Total	20,358,104,864.39	9,655,820,466.36	289,957,669.09	3,435.39	(214,442,536.22)	9,731,339,034.62		



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 13. Construction in Progress (continued)

2015

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 13. Construction in Progress (continued)

For the six months ended 30 June 2016 (unaudited)

	Progress of project	Accumulated amounts of capitalised interest	Including: capitalised interest for the period	Ratio of capitalised interest for the period
Commencing project of Complex port zone in Huanghua Port	87%	540,325,004.64	–	–
Phase 2 of coal terminal project in Caofeidian	89%	695,695,504.11	79,679,563.60	4.41%-6.55%
Phase 1 of metal ores Terminal project in The bulk cargo area of Huanghua Port	83%	433,861,440.80	73,372,478.20	3.92%-5.40%
		1,669,881,949.55	153,052,041.80	

2015

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 14. Intangible Assets

For the six months ended 30 June 2016 (unaudited)

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2016	602,401,542.75	73,666,808.14	422,319,780.50	1,098,388,131.39
Purchase for the period	290,568.58	–	29,545.74	320,114.32
Transferred from construction in progress	–	2,517,863.30	–	2,517,863.30
30 June 2016	602,692,111.33	76,184,671.44	422,349,326.24	1,101,226,109.01
Accumulated amortization				
1 January 2016	88,739,231.84	62,233,080.52	12,785,587.58	163,757,899.94
Provision for the period (Note)	6,346,595.24	3,341,888.39	3,985,148.34	13,673,631.97
30 June 2016	95,085,827.08	65,574,968.91	16,770,735.92	177,431,531.91
Carrying amounts				
30 June 2016	507,606,284.25	10,609,702.53	405,578,590.32	923,794,577.10
1 January 2016	513,662,310.91	11,433,727.62	409,534,192.92	934,630,231.45

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 14. Intangible Assets (continued)

2015

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

Note: For the six months ended 30 June 2016, amortisation of RMB1,831,885.26 (2015: RMB3,556,408.06) provided for intangible assets directly related to the construction of construction in progress of the Group was capitalised in construction in progress.

As at 30 June 2016, the Group has no intangible assets which were from internal research and development (31 December 2015: nil).

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 15. Long-term Deferred Expenses

For the six months ended 30 June 2016 (unaudited)

	Opening balance	Increase in the period	Amortization in the period	Closing balance
Dredging costs	3,210,413.37	–	(337,938.24)	2,872,475.13
Others	376,539.02	758,150.00	(570,548.66)	564,140.36
	<b>3,586,952.39</b>	<b>758,150.00</b>	<b>(908,486.90)</b>	<b>3,436,615.49</b>

2015

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

### 16. Deferred Tax Assets

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

	30 June 2016 (unaudited)		31 December 2015	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government grants	335,471,194.48	83,867,798.56	352,227,786.10	88,056,946.48
Asset impairment provision	14,720,941.32	3,680,235.33	41,294,236.84	10,323,559.21
Unpaid employee bonus	10,000,000.00	2,500,000.00	10,000,000.00	2,500,000.00
Accrued early retirement scheme	132,021,421.89	33,005,355.47	127,025,459.68	31,756,364.92
Difference between tax base and accounting base of fixed assets	152,127,028.04	38,031,757.01	171,718,954.04	42,929,738.51
	<b>644,340,585.73</b>	<b>161,085,146.37</b>	<b>702,266,436.66</b>	<b>175,566,609.12</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 16. Deferred Tax Assets (continued)

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

	30 June 2016 (unaudited)	31 December 2015
Deductible temporary differences	3,035,875.49	2,404,385.95
Deductible losses	82,350,658.52	75,354,041.84
	85,386,534.01	77,758,427.79

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

	30 June 2016 (unaudited)	31 December 2015
2016	19,726,111.82	19,726,111.82
2017	19,217,134.49	19,217,134.49
2018	15,394,012.12	15,394,012.12
2019	11,426,185.85	11,426,185.85
2020	9,840,145.14	9,590,597.56
2021	6,747,069.10	–
	82,350,658.52	75,354,041.84

### 17. Asset Impairment Provision

For the six months ended 30 June 2016 (unaudited)

	Opening balance	Provision for the period	Decrease during the period		Closing balance
			Reversal	Write-off	
Provision for bad debts					
Including: Accounts receivable	15,736,495.74	209,766.28	(318,077.69)	–	15,628,184.33
Other receivables	27,962,127.05	228,676.66	(26,062,171.23)	–	2,128,632.48
Fixed assets impairment provision	6,250,302.24	–	–	–	6,250,302.24
	49,948,925.03	438,442.94	(26,380,248.92)	–	24,007,119.05

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 17. Asset Impairment Provision (continued)

2015

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

### 18. Other Non-current Assets

	30 June 2016 (unaudited)	31 December 2015
Prepayments for engineering equipment expenses	7,458,445.00	5,662,384.75

### 19. Assets with Restricted Ownership

As at 30 June 2016, except for the guarantee deposits of RMB215,280.00 (31 December 2015: RMB9,685,280.00) (1 of Note V), the Group had no other assets with restricted ownership.

### 20. Short-term Borrowings

	30 June 2016 (unaudited)	31 December 2015
Unsecured borrowings	1,682,000,000.00	1,450,000,000.00

As at 30 June 2016, the interest rate of the above borrowings ranged from 3.92% to 4.37% per annum (31 December 2015: 3.92% to 4.59%).

As at 30 June 2016, the Group has no outstanding short-term borrowings falling due (31 December 2015: nil).

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 21. Accounts Payable

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

An ageing analysis of accounts payable is as follows:

	30 June 2016 (unaudited)	31 December 2015
Within 1 year	151,830,968.70	91,756,115.28
1 to 2 years	4,611,776.83	2,803,638.78
2 to 3 years	1,433,016.53	1,425,165.09
Over 3 years	4,795,516.25	4,948,784.17
	<b>162,671,278.31</b>	<b>100,933,703.32</b>

As at 30 June 2016, the Group has no significant accounts payable ageing more than 1 year (31 December 2015: nil).

### 22. Deposits Received

	30 June 2016 (unaudited)	31 December 2015
Port handling fees	301,913,762.73	383,174,305.31
Weighing fees	7,359,895.51	4,619,393.77
Others	108,127.23	38,127.20
	<b>309,381,785.47</b>	<b>387,831,826.28</b>

As at 30 June 2016, the Group has no significant deposits received ageing more than 1 year (31 December 2015: nil).



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 23. Employee Benefits Payable

For the six months ended 30 June 2016 (unaudited)

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	55,952,055.31	824,352,501.15	812,859,801.18	67,444,755.28
Post-employment benefits (defined contribution plans)	5,127.68	180,172,568.51	179,885,303.11	292,393.08
Early retirement schemes due within one year (29 of Note V)	61,532,551.19	35,161,257.08	33,506,421.85	63,187,386.42
	117,489,734.18	1,039,686,326.74	1,026,251,526.14	130,924,534.78

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	27,006,921.46	520,337,969.81	519,765,126.27	27,579,765.00
Staff welfare	–	31,443,180.97	31,443,180.97	–
Social insurance	30,809.32	64,484,985.81	64,477,995.69	37,799.44
Including: Medical insurance	30,691.05	52,358,483.09	52,353,057.05	36,117.09
Work injury insurance	118.27	7,299,735.51	7,298,658.99	1,194.79
Maternity insurance	–	4,826,767.21	4,826,279.65	487.56
Housing funds	19,573,183.47	108,082,354.59	109,238,942.92	18,416,595.14
Union fund and employee education fund	5,811,291.68	13,117,540.14	13,516,911.18	5,411,920.64
Short-term paid leaves	–	5,855,474.80	5,855,474.80	–
Other short-term employee benefits	3,529,849.38	81,030,995.03	68,562,169.35	15,998,675.06
	55,952,055.31	824,352,501.15	812,859,801.18	67,444,755.28

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	138,029,458.10	137,762,234.44	267,223.66
Unemployment insurance	5,127.68	9,223,899.33	9,203,857.59	25,169.42
Enterprise annuity contribution (Note)	–	32,919,211.08	32,919,211.08	–
	5,127.68	180,172,568.51	179,885,303.11	292,393.08

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 23. Employee Benefits Payable (continued)

2015

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	85,534,076.30	2,092,991,597.13	2,122,573,618.12	55,952,055.31
Post-employment benefits (defined contribution plans)	5,127.68	357,126,281.84	357,126,281.84	5,127.68
Early retirement schemes due within one year (29 of Note V)	–	98,803,017.47	37,270,466.28	61,532,551.19
	85,539,203.98	2,548,920,896.44	2,516,970,366.24	117,489,734.18

Short-term employee benefits are as follows:

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

Defined contribution plans are as follows:

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 24. Taxes Payable

	30 June 2016 (unaudited)	31 December 2015
Value-added tax	10,748,877.79	16,337,972.46
Business tax	–	626,883.48
Enterprise income tax	3,600,368.97	1,014,273.42
Urban maintenance and construction tax	760,193.93	1,198,710.91
Education surcharge	542,995.63	854,455.82
Individual income tax	1,853,225.95	16,470,696.48
Tenure tax	–	27,741,935.13
Others	958.68	3,028.56
	<b>17,506,620.95</b>	<b>64,247,956.26</b>

### 25. Interest Payable

	30 June 2016 (unaudited)	31 December 2015
Interest on bank borrowings	15,312,351.37	17,522,440.97

### 26. Dividend Payable

	30 June 2016 (unaudited)	31 December 2015
HPG	465,647,130.60	–
Daqin Railway Co., Ltd.	6,412,500.00	–
China Shipping (Group) Company	6,299,338.20	–
China Life Investment Holding Company Limited	6,299,338.20	–
Shougang Group	6,299,338.20	–
Beijing Enterprises Group Company Limited	6,299,338.20	–
Datong Coal Mine Group Co., Ltd.	6,299,338.20	–
Hebei Construction & Investment Communications Investment Co., Ltd.	31,903,924.50	–
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	94,473,603.90	–
Overseas shareholders	124,478,259.29	2,309.54
	<b>754,412,109.29</b>	<b>2,309.54</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 27. Other Payables

	30 June 2016 (unaudited)	31 December 2015
Engineering equipment expenses	1,208,757,845.10	1,274,838,605.45
Sewage charges of dust	36,993,776.36	59,204,943.37
Facilities leasing expenses	58,310,201.60	50,233,451.60
Others	32,845,666.81	54,412,342.15
	<b>1,336,907,489.87</b>	<b>1,438,689,342.57</b>

As at 30 June 2016, significant other payables ageing more than 1 year are as follows (unaudited):

	Sums payable	Outstanding reason
Engineering equipment expenses payable	897,052,117.59	Not yet settled
Equipment and facility leasing fees payable	42,058,526.60	Not yet settled
	<b>939,110,644.19</b>	

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 28. Long-term Borrowings

	30 June 2016 (unaudited)	31 December 2015
Unsecured borrowings	9,976,278,448.76	10,134,953,942.54
Less: long-term borrowings due within one year	1,214,010,732.92	679,102,320.56
Non-current portion	8,762,267,715.84	9,455,851,621.98

As at 30 June 2016, the interest rate of the above borrowings ranged from 4.28% to 6.55% per annum (31 December 2015: 4.28% to 6.68%).

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

	30 June 2016 (unaudited)	31 December 2015
Within 1 year (including 1 year) or repayment on demand	1,214,010,732.92	679,102,320.56
Within 2 years (including 2 years)	1,142,593,808.63	1,757,615,441.28
Within 2 to 5 years (including 5 years)	3,593,638,974.53	2,712,123,952.04
Over 5 years	4,026,034,932.68	4,986,112,228.66
	9,976,278,448.76	10,134,953,942.54

### 29. Long-term Employee Remuneration Payable

#### Other long-term employee benefits

	30 June 2016 (unaudited)	31 December 2015
Early retirement schemes payable	132,021,421.89	127,025,459.69
Including: Amount due within one year	63,187,386.42	61,532,551.19
Non-current portion	68,834,035.47	65,492,908.50

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 29. Long-term Employee Remuneration Payable (continued)

Change in early retirement schemes payable are as follows:

	For the six months ended 30 June 2016 (unaudited)	31 December 2015
Early retirement schemes		
Opening balance	127,025,459.69	–
Increase in the period/year	38,502,384.05	164,295,925.97
Decrease in the period/year	(33,506,421.85)	(37,270,466.28)
Closing balance	132,021,421.89	127,025,459.69

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

	30 June 2016 (unaudited)	31 December 2015
Undiscounted amount		
Within 1 year	63,187,386.42	61,532,551.19
1 year to 2 years	39,050,499.44	39,402,514.24
2 years to 3 years	17,919,710.50	18,813,290.54
Over 3 years	19,440,811.83	13,491,337.28
	139,598,408.19	133,239,693.25
Unrecognised financing cost	(7,576,986.30)	(6,214,233.56)
	132,021,421.89	127,025,459.69
Less: Amount due within one year	63,187,386.42	61,532,551.19
Long-term employee remuneration payable	68,834,035.47	65,492,908.50

Due to implementation of institutional reform, some of the subsidiaries of the Group have executed early retirement plan ("Early retirement") since 2015. Eligible employees may retire from their posts on a voluntary basis. The Group has the obligation to pay early retirement pension for those early retired employees in the next 1 year to 10 years until the employees reach their statutory retirement age. The wages for early retirement are determined according to certain proportion of the average monthly wages of the early retired employees in the previous year before their official early retirement. Once confirmed, the wages for early retirement would remain unchanged for the coming years. In the meantime, the Company will make provision and pay for insurance and housing fund for those employees under local requirement for social insurance. In considering the future payment obligations of early retirement pension for employees participating in the early retirement plan, the Group recognized in the administrative expenses on a one-off basis in accordance with discounted China bond and government bond yields for the corresponding period. As at 30 June 2016 and 31 December 2015, it is expected to recognize employee remuneration payable in the amount payable within 12 months.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 30. Deferred Income

	30 June 2016 (unaudited)	31 December 2015
Government grants in relation to assets		
Special environmental subsidy	184,602,027.83	191,545,286.11
Subsidy for retrofitting of contingency coal storage depot	148,000,000.00	157,750,000.00
Technology center project funds	2,495,833.32	2,554,166.66
Others	73,333.33	78,333.33
Government grants in relation to income		
Technology center project funds	300,000.00	300,000.00
	<b>335,471,194.48</b>	<b>352,227,786.10</b>

As at 30 June 2016, liabilities items related to government grants are as follows (unaudited):

	Opening balance	Increase in the period	Recognised in non-operating revenue in the period	Closing balance	Related to assets/income
Special environmental subsidy	191,545,286.11	-	6,943,258.28	184,602,027.83	Related to assets
Retrofitting of contingency coal storage depot	157,750,000.00	-	9,750,000.00	148,000,000.00	Related to assets
Technology center project funds	2,554,166.66	-	58,333.34	2,495,833.32	Related to assets
Others	78,333.33	-	5,000.00	73,333.33	Related to assets
Technology center project funds	300,000.00	-	-	300,000.00	Related to income
	<b>352,227,786.10</b>	<b>-</b>	<b>16,756,591.62</b>	<b>335,471,194.48</b>	

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 31. Share Capital

	30 June 2016 (unaudited)		31 December 2015	
	Balance	Percentage (%)	Balance	Percentage (%)
HPG	3,104,314,204.00	61.723	3,104,314,204.00	61.723
Daqin Railway Co., Ltd.	42,750,000.00	0.850	42,750,000.00	0.850
China Shipping (Group) Company	41,995,588.00	0.835	41,995,588.00	0.835
China Life Investment Holding Company Limited	41,995,588.00	0.835	41,995,588.00	0.835
Shougang Group	41,995,588.00	0.835	41,995,588.00	0.835
Beijing Enterprises Group Company Limited	41,995,588.00	0.835	41,995,588.00	0.835
Datong Coal Mine Group Co., Ltd.	41,995,588.00	0.835	41,995,588.00	0.835
Hebei Construction & Investment Communications Investment Co., Ltd.	212,692,830.00	4.229	212,692,830.00	4.229
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	629,824,026.00	12.523	629,824,026.00	12.523
Overseas shareholders	829,853,000.00	16.500	829,853,000.00	16.500
	5,029,412,000.00	100.000	5,029,412,000.00	100.000

### 32. Capital Reserve

For the six months ended 30 June 2016 (unaudited)

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

2015

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



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 33. Special Reserve

For the six months ended 30 June 2016 (unaudited)

	Opening balance	Amount accrued in the period	Amount utilised in the period	Closing balance
Production safety expenses	10,884,608.51	36,762,141.13	(25,747,466.41)	21,899,283.23

2015

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

### 34. Surplus Reserve

For the six months ended 30 June 2016 (unaudited)

	Opening balance	Amount accrued in the period	Amount utilised in the period	Closing balance
Statutory surplus reserve	1,015,722,853.98	–	–	1,015,722,853.98

2015

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 35. Retained Profits

	For the six months ended 30 June 2016 (unaudited)	2015
Retained profits at the beginning of the period/year	1,251,321,607.34	1,798,642,550.46
Net profit attributable to shareholders of the parent	137,363,835.19	1,344,490,396.47
Less: Appropriation to statutory surplus reserve	–	131,517,139.59
Cash dividend payable for common shares (Note)	754,411,800.00	1,760,294,200.00
Retained profits at the end of the period/year	634,273,642.53	1,251,321,607.34

Note: Pursuant to the Resolution on 2015 Profit Distribution deliberated at the fourth meeting of the second session of the Board of Qinhuangdao Port Co., Ltd.\* held on 23 March 2016, the Company proposed to pay a cash dividend totaling RMB754,411,800.00 to all the Shareholders, which is calculated based on 5,029,412,000 Shares in issue and RMB0.15 per share (inclusive of tax). The abovementioned resolution was approved on the Annual General Meeting held on 16 June 2016.

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

### 36. Operating Revenue and Cost

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Revenue from the principal operations	2,384,377,647.71	3,471,933,798.63
Revenue from other operations	3,881,232.11	2,495,219.53
	2,388,258,879.82	3,474,429,018.16

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 36. Operating Revenue and Cost (continued)

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Cost of the principal operations	1,796,526,478.52	1,934,314,491.09
Cost of other operations	1,494,318.21	5,281,033.40
	<b>1,798,020,796.73</b>	<b>1,939,595,524.49</b>

Revenue is as follows:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Revenue from service in relation to coal and relevant products	1,753,399,467.00	2,697,817,206.32
Revenue from service in relation to metal ore and relevant products	343,115,056.39	416,470,146.76
Revenue from service in relation to general and other cargoes	88,850,276.36	115,883,518.11
Revenue from container service	62,920,848.44	60,654,890.37
Revenue from service in relation to liquefied cargoes	30,719,188.12	54,889,922.24
Revenue from others	109,254,043.51	128,713,334.36
	<b>2,388,258,879.82</b>	<b>3,474,429,018.16</b>

### 37. Business Tax and Surcharges

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Business tax	698,616.79	234,977.76
Urban maintenance and construction tax and education surcharge	10,547,797.71	17,183,879.05
	<b>11,246,414.50</b>	<b>17,418,856.81</b>

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 38. Administrative Expenses

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Payroll	241,595,896.68	264,503,400.65
Early retirement schemes (29 of Note V)	38,502,384.05	–
Depreciation and amortisation	28,914,055.11	33,621,719.55
Tax expenses	33,200,262.03	30,099,935.68
Rental expenses	4,372,110.21	15,489,321.64
Repair and maintenance expenses	5,258,431.43	6,384,876.80
Office charges	5,501,764.38	5,683,083.73
Epidemic prevention expenses	4,692,466.13	3,732,111.67
Travel expenses	4,186,007.45	4,272,890.32
Business entertainment expenses	1,689,372.00	1,551,967.99
Others	19,008,917.94	18,225,254.00
	<b>386,921,667.41</b>	<b>383,564,562.03</b>

### 39. Financial Cost

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Interest expenses	288,228,135.02	341,319,749.69
Including: interest on bank loans repayable within 5 years	188,729,708.97	201,413,303.75
interest on other loans	99,498,426.05	139,906,445.94
Less: interest income	15,411,183.60	23,784,275.59
Less: capitalised interest	153,052,041.80	165,737,083.54
Foreign exchange (gain)/loss	(3,870,608.59)	38,314.58
Others	241,988.84	210,943.80
	<b>116,136,289.87</b>	<b>152,047,648.94</b>

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 40. Asset Impairment Loss

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Provision for bad debts	(25,941,805.98)	83,021.85

### 41. Investment Income

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Dividend income on holding available-for-sale financial assets	5,636,500.00	62,429,181.18
Long-term equity investment income accounted for under the equity method	60,302,892.05	108,613,410.80
Including: Investment income from associates	62,317,747.87	108,071,601.81
Investment income from joint ventures	(2,014,855.82)	541,808.99
Interest income on wealth management products (8 of Note V)	1,244,016.44	–
	67,183,408.49	171,042,591.98

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

### 42. Non-operating Income

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Gain on disposal of non-current assets	237,851.68	827,209.64
Including: Gain on disposal of fixed assets	237,851.68	827,209.64
Government grants	17,249,415.13	41,295,323.26
Others	150,450.30	349,497.92
	17,637,717.11	42,472,030.82

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 42. Non-operating Income (continued)

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)	Related to assets/income
Retrofitting of contingency coal storage depot	9,750,000.00	9,075,000.00	Related to assets
Special environmental subsidy	6,943,258.28	4,726,883.26	Related to assets
Employment subsidy (Note)	–	27,410,040.00	Related to income
Others	556,156.85	83,400.00	
	17,249,415.13	41,295,323.26	

Note: Pursuant to the Opinion on the Use of Unemployment Insurance Benefits and Employment Subsidy (《關於使用失業保險金援企穩崗的意見》) (Ji Zheng Ban Han [2014] No. 18) issued by the General Office of the People's Government of Hebei Province, the Notice on Relevant Issues Concerning Carrying out the Implementation Opinion on Unemployment Insurance Benefits and Employment Subsidy (《關於貫徹落實<關於做好失業保險金援企穩崗工作的實施意見>有關問題的通知》) (Qin Ren She [2014] No. 184) promulgated by the Bureau of Human Resources & Social Securities of Qinhuangdao and the Notice on the 2014 Unemployment Insurance Benefits and Employment Subsidy Policy Applicable to 46 Enterprises including Shouqin Metal Materials Co., Ltd. (《關於首秦金屬材料有限公司等46家企業享受2014年失業保險援企穩崗政策的通知》) (Qin Zheng Han [2015] No. 2) promulgated by the General Office of the People's Government of Hebei Province, the Group did not received the relevant government subsidy for the period (for the six months ended 30 June 2015: RMB27,410,040.00).

### 43. Non-operating Expenses

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Losses on disposal of non-current assets	352,751.44	6,252,034.79
Including: Losses on disposal of fixed assets	352,751.44	6,252,034.79
Late payment	2,417,202.23	–
Others	104,599.47	250,368.55
	2,874,553.14	6,502,403.34

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 44. Expense by Nature

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Payroll	1,003,860,238.85	1,082,625,093.53
Depreciation and amortisation	524,933,363.98	554,754,279.83
Power and fuel costs	113,631,017.45	163,832,296.77
Consumption expense of machinery	77,344,761.93	71,375,250.80
Rental expenses	81,243,001.90	78,859,059.88
Environmental protection and sewage charges	67,269,642.67	93,915,256.40
Repair and maintenance expenses	165,656,097.84	132,471,987.52
Tax	33,200,262.03	30,099,935.68
Others	117,876,628.53	115,271,260.03
	<b>2,185,015,015.18</b>	<b>2,323,204,420.44</b>

### 45. Income Tax Expense

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Current income tax expenses	29,345,054.58	256,278,953.34
Deferred income tax expenses	14,481,462.75	2,593,557.95
	<b>43,826,517.33</b>	<b>258,872,511.29</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 45. Income Tax Expense (continued)

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Total profit	183,749,538.71	1,188,687,289.58
Income tax expenses calculated at the statutory tax rate	45,937,384.68	297,171,822.40
Effect of different tax rates of subsidiaries	(619.43)	629,079.15
Income not subject to tax	(1,409,125.00)	(15,607,295.30)
Investment income from associates and joint ventures	(15,075,723.01)	(27,153,352.70)
Expenses not deductible for tax	1,805,987.30	1,057,245.83
Unrecognised deductible losses	1,675,143.18	561,668.65
Unrecognised deductible temporary difference	157,872.38	781,541.00
Adjustments in respect of income tax of previous periods	8,518,714.22	626,250.29
Others	2,216,883.01	805,551.97
Income tax expenses calculated at the Group's effective tax rate	43,826,517.33	258,872,511.29

### 46. Other Comprehensive Income

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

	1 January 2016	Increase/(decrease)	30 June 2016
Exchange differences arising from translation of foreign currency denominated financial statements	1,788,437.76	843,737.34	2,632,175.10
	1 January 2015	Increase/(decrease)	31 December 2015
Exchange differences arising from translation of foreign currency denominated financial statements	–	1,788,437.76	1,788,437.76



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 46. Other Comprehensive Income (continued)

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

	Amount before tax	Less: Transfer to profit or loss previously recognised	Less: Income tax	Attributable to the parent company	Attributable to minority interest
For the six months ended 30 June 2016 (unaudited)					
Exchange differences arising from translation of foreign currency denominated financial statements	843,737.34	-		843,737.34	-
2015					
Exchange differences arising from translation of foreign currency denominated financial statements	1,788,437.76	-	-	1,788,437.76	-

### 47. Earnings per Share

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

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	137,363,835.19	927,465,711.51
Shares		
Weighted average number of ordinary shares in issue of the Company	5,029,412,000.00	5,029,412,000.00

For the six months ended 30 June 2016, the Company had no dilutive potential ordinary shares in issue (for the six months ended 30 June 2015: nil).

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 48. Supplemental Information to Statement of Cash Flows

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

Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Net profit	139,923,021.38	929,814,778.29
Add: Asset impairment loss	(25,941,805.98)	83,021.85
Fixed assets depreciation	512,109,030.37	542,277,152.23
Amortisation of intangible assets	11,841,746.71	12,027,126.19
Amortisation of investment property	74,100.00	74,100.00
Amortisation of long-term deferred expenses	908,486.90	375,901.41
Amortisation of deferred income	(16,756,591.62)	(13,881,883.26)
Losses on disposal of fixed assets, intangible assets and other long-term assets	114,899.76	5,424,825.15
Financial costs	131,305,484.63	175,620,980.73
Investment income	(67,183,408.49)	(171,042,591.98)
Decrease in deferred income tax assets	14,481,462.75	2,593,557.95
Increase in inventories	(11,219,359.93)	(3,964,887.54)
(Increase)/decrease in other current assets	(27,363,443.46)	511,771.97
Increase in operating receivables	(27,485,557.20)	(38,423,304.17)
Decrease in operating payables	(67,930,284.33)	(21,912,706.21)
Increase in special reserve	9,198,174.98	11,021,953.30
<b>Net cash flows from operating activities</b>	<b>576,075,956.47</b>	<b>1,430,599,795.91</b>

Net movements in cash and cash equivalents:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Balances of cash at end of the period	2,347,374,228.08	3,562,323,230.57
Less: Balances of cash at beginning of the period	1,376,457,026.65	2,902,239,590.05
<b>Net increase in cash and cash equivalents</b>	<b>970,917,201.43</b>	<b>660,083,640.52</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 48. Supplemental Information to Statement of Cash Flows (continued)

#### (2) Cash and cash equivalents

	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Cash	2,347,374,228.08	3,562,323,230.57
Including: Cash on hand	129,195.22	89,592.71
Bank deposits on demand	2,347,245,032.86	3,562,233,637.86
Balance of cash and cash equivalents at the end of the period	2,347,374,228.08	3,562,323,230.57

### 49. Foreign Currency Monetary Items

	30 June 2016 (unaudited)			31 December 2015		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US\$	5,225,978.66	6.6312	34,654,509.66	5,225,639.00	6.4936	33,932,069.33
EUR	488.74	7.3750	3,604.46	3.74	7.0952	26.54
HK\$	236,755,633.56	0.8547	202,347,937.34	240,828,199.27	0.8378	201,761,048.77
Other receivables						
HK\$	62,026.38	0.8547	53,012.08	67,689.10	0.8378	56,708.57
Dividend payable						
HK\$	361.88	0.8547	309.29	2,756.67	0.8378	2,309.54
Accounts payable						
US\$	41,591.33	6.6312	275,800.40	42,472.65	6.4936	275,800.40
JPY	1,411,037.66	0.0645	90,999.23	47,977.74	0.0539	2,586.00
			237,426,172.46			236,030,549.15

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VI. INTERESTS IN OTHER ENTITIES

### 1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in Subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

For the six months ended 30 June 2016 (unaudited)

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of period
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	1,585,885.00	–	887,737,733.58

2015

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in Subsidiaries (continued)

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

	30 June 2016 (unaudited)	31 December 2015
Current assets	129,279,470.91	257,447,170.65
Non-current assets	4,986,117,211.55	4,835,119,673.05
<b>Total assets</b>	<b>5,115,396,682.46</b>	<b>5,092,566,843.70</b>
Current liabilities	639,382,905.26	555,418,327.36
Non-current liabilities	2,664,304,116.84	2,728,675,355.98
<b>Total liabilities</b>	<b>3,303,687,022.10</b>	<b>3,284,093,683.34</b>
Revenue	–	–
Net profit	3,236,500.00	3,179,181.18
Total comprehensive income	3,236,500.00	3,179,181.18
Net cash flows from operating activities	–	–

### 2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB'0000	Percentage of shareholding (%)		Accounting treatment
					Direct	Indirect	
Joint ventures							
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Tianjin City	Tianjin City	Investment and development	200,000	50.00	–	Equity method
Associates							
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Qinhuangdao city	Qinhuangdao city	Quality inspection	400	40.00	–	Equity method
Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Qinhuangdao city	Qinhuangdao city	Financial services	50,000	40.00	–	Equity method
Tangshan Caofeidian Shiye Port Co., Ltd., (唐山曹妃甸實業港務有限公司)	TangShan City	TangShan City	Loading and unloading services	200,000	35.00	–	Equity method
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	Qinhuangdao city	Qinhuangdao city	Energy services	5,000	40.00	–	Equity method
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Handan city	Handan city	Sales and purchase of timber	80,000	–	20.00	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	TangShan City	TangShan City	Railway construction and operation	120,000	16.67	–	Equity method
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港 興拖輪有限公司)	Cangzhou City	Cangzhou City	Tugging services	26,331.77	–	35.00	Equity method

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in Joint Ventures and Associates (continued)

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

	30 June 2016 (unaudited)	31 December 2015
Current assets	194,024,392.81	198,335,604.53
Including: Cash and cash equivalents	193,977,702.81	197,886,404.53
Non-current assets	577,563.40	513,634.42
<b>Total assets</b>	<b>194,601,956.21</b>	<b>198,849,238.95</b>
Current liabilities	59,687.71	277,258.82
Non-current liabilities	–	–
<b>Total liabilities</b>	<b>59,687.71</b>	<b>277,258.82</b>
Owners' equity	194,542,268.50	198,571,980.13
Share of net assets in proportion to shareholding	97,271,134.25	99,285,990.07
Carrying amount of investment	97,271,134.25	99,285,990.07
	<b>For the six months ended 30 June 2016 (unaudited)</b>	<b>For the six months ended 30 June 2015 (unaudited)</b>
Revenue	–	–
Administrative expenses	5,502,921.04	–
Financial cost – interest income	1,473,239.08	1,090,353.28
Financial cost – interest expense	–	–
Income tax expense	–	–
Net profit	<b>(4,029,711.63)</b>	1,083,617.98
Including: Net profit attributable to the parent	<b>(4,029,711.63)</b>	1,083,617.98
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>(4,029,711.63)</b>	<b>1,083,617.98</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in Joint Ventures and Associates (continued)

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

30 June 2016 (unaudited)

	Caofeidian Shiye	Finance Company
Current assets	1,691,399,450.07	3,858,198,437.42
Including: Cash and cash equivalents	339,168,841.05	3,699,593,647.31
Non-current assets	5,790,182,249.25	647,494,663.45
<b>Total assets</b>	<b>7,481,581,699.32</b>	<b>4,505,693,100.87</b>
Current liabilities	2,436,291,962.36	3,982,136,089.12
Non-current liabilities	2,231,427,796.37	–
<b>Total liabilities</b>	<b>4,667,719,758.73</b>	<b>3,982,136,089.12</b>
Minority interest	48,412,627.13	–
Equity attributable to shareholders of the parent	2,765,449,313.46	523,557,011.75
Share of net assets in proportion to shareholding	967,907,259.71	209,422,804.70
Carrying amount of investment	967,907,259.71	209,422,804.70

For the six months ended 30 June 2016 (unaudited)

	Caofeidian Shiye	Finance Company
Revenue	761,710,731.33	32,675,767.95
Administrative expenses	75,376,756.54	–
Financial cost – interest income	3,362,362.45	–
Financial cost – interest expense	107,096,204.47	–
Income tax expense	37,713,009.27	17,270.35
Net profit	190,417,590.24	(4,308,465.41)
Including: Net profit attributable to the parent	190,922,758.70	(4,308,465.41)
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>190,417,590.24</b>	<b>(4,308,465.41)</b>



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in Joint Ventures and Associates (continued)

31 December 2015

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

For the six months ended 30 June 2015 (unaudited)

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in Joint Ventures and Associates (continued)

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

	30 June 2016 (unaudited)	31 December 2015
Total carrying amount of investment	215,950,595.28	190,732,426.80
Total amount of the following items calculated in the Group's equity proportion:		
Net profit	(2,781,831.52)	(1,806,521.72)
Other comprehensive income	–	–
Total comprehensive income	(2,781,831.52)	(1,806,521.72)

## VII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Financial Instruments by Category

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

#### Financial assets

	30 June 2016 (unaudited)		31 December 2015	
	Loans and receivables	Available- for-sale financials assets	Loans and receivables	Available- for-sale financials assets
Cash and bank balances	2,512,589,508.08	–	2,483,302,306.65	–
Bills receivable	93,079,224.11	–	83,760,965.06	–
Dividends receivable	108,236,500.00	–	–	–
Accounts receivable	188,427,223.66	–	178,236,586.19	–
Interest receivable	40,000.00	–	24,225.00	–
Other receivables	22,215,313.61	–	19,316,925.30	–
Other current assets	124,400,000.00	–	–	–
Available-for-sale financial assets	–	710,376,014.95	–	710,376,014.95
	3,048,987,769.46	710,376,014.95	2,764,641,008.20	710,376,014.95

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

### 1. Financial Instruments by Category (continued)

#### Financial liabilities

	30 June 2016 (unaudited) Other financial liabilities	31 December 2015  Other financial liabilities
Short-term borrowings	1,682,000,000.00	1,450,000,000.00
Accounts payable	162,671,278.31	100,933,703.32
Interest payable	15,312,351.37	17,522,440.97
Dividends payable	754,412,109.29	2,309.54
Other payables	1,296,002,632.77	1,377,775,556.45
Non-current liabilities due within one year	1,214,010,732.92	679,102,320.56
Long-term borrowings	8,762,267,715.84	9,455,851,621.98
	<b>13,886,676,820.50</b>	<b>13,081,187,952.82</b>

### 2. Transfer of Financial Assets

#### Continuing involvement in transferred financial assets derecognised generally

As at 30 June 2016, the Group has endorsed bank acceptance notes with a carrying amount of RMB13,390,000.00 (31 December 2015: RMB8,250,000.00元) to suppliers to settle the amounts payable. As at 30 June 2016, for notes due within 1 to 6 months, if acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered that substantially all the risk and reward of the notes have been transferred. Therefore, the Group has derecognised carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

For the six months ended 30 June 2016, the Group did not recognise any profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to Continuing Involvement of financial assets which had been derecognised. The endorsement happens evenly throughout the period.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

---

## VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

### 3. Risks Arising from Financial Instruments

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

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

#### Credit risk

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

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 30 June 2016, there is a concentration of specific credit risk within the Group as 33% (31 December 2015: 52%) of the Group's accounts receivables were due from a single customers. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivables are disclosed in 3. Accounts receivables and 6. Other receivables of Note V.

As at 30 June 2016 and 31 December 2015, there are no amounts receivable that were neither past due nor impaired, and aging analysis on amounts receivable that were past due but not impaired of the Group.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

### 3. Risks Arising from Financial Instruments (continued)

#### Liquidity risk

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

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means, such as bank borrowings. As at 30 June 2016, 25% (31 December 2015: 18%) of the Group's interest-bearing liabilities are due within one year.

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

#### 30 June 2016 (unaudited)

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	-	162,671,278.31	-	-	162,671,278.31
Interest payable	-	15,312,351.37	-	-	15,312,351.37
Dividends payable	309.29	754,411,800.00	-	-	754,412,109.29
Other payables	87,244,787.67	1,208,757,845.10	-	-	1,296,002,632.77
Short-term borrowings	-	1,695,301,822.50	-	-	1,695,301,822.50
Non-current liabilities					
due within one year	-	1,257,811,009.35	-	-	1,257,811,009.35
Long-term borrowings	-	420,165,064.80	5,967,961,724.66	4,595,483,155.51	10,983,609,944.97
	87,245,096.96	5,514,431,171.43	5,967,961,724.66	4,595,483,155.51	16,165,121,148.56

#### 31 December 2015

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

### 3. Risks Arising from Financial Instruments (continued)

#### Market risk

##### *Interest rate risk*

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

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total Increase/ (decrease) in shareholder's equity
For the six months ended 30 June 2016 (unaudited)				
RMB	50	(22,034,375.00)	–	(22,034,375.00)
RMB	(50)	22,034,375.00	–	22,034,375.00
For the six months ended 30 June 2015 (unaudited)				
RMB	50	(22,474,980.30)	–	(22,474,980.30)
RMB	(50)	22,474,980.30	–	22,474,980.30

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

### 3. Risks Arising from Financial Instruments (continued)

#### Market risk (continued)

##### Exchange rate risk

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

	Increase/ (decrease) in exchange rates	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total Increase/ (decrease) in shareholder's equity
For the six months ended 30 June 2016 (unaudited)				
If the RMB strengthens against the HK\$	1%	(1,456,338.44)	(321,117.77)	(1,777,456.21)
If the RMB strengthens against the US\$	1%	1,611.10	–	1,611.10
If the RMB weakens against the HK\$	(1%)	1,456,338.44	321,117.77	1,777,456.21
If the RMB weakens against the US\$	(1%)	(1,611.10)	–	(1,611.10)

	Increase/ (decrease) in exchange rates	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total Increase/ (decrease) in shareholder's equity
For the six months ended 30 June 2015 (unaudited)				
If the RMB strengthens against the HK\$	1%	408,719.20	(295,627.95)	113,091.25
If the RMB strengthens against the US\$	1%	1,867.92	–	1,867.92
If the RMB weakens against the HK\$	(1%)	(408,719.20)	295,627.95	(113,091.25)
If the RMB weakens against the US\$	(1%)	(1,867.92)	–	(1,867.92)

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

### 3. Risks Arising from Financial Instruments (continued)

#### Capital management

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

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. For the six months ended 30 June 2016 and for the six months ended 30 June 2015, there was no change in the Group's capital management objectives, policies or processes.

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

	30 June 2016 (unaudited)	31 December 2015
Accounts payable	162,671,278.31	100,933,703.32
Other payables	1,296,002,632.77	1,377,775,556.45
Short-term borrowings	1,682,000,000.00	1,450,000,000.00
Non-current liabilities due within one year	1,214,010,732.92	679,102,320.56
Long-term borrowings	8,762,267,715.84	9,455,851,621.98
Less: Cash and bank balances	2,512,589,508.08	2,483,302,306.65
Net debt	10,604,362,851.76	10,580,360,895.66
Equity attributable to shareholders of the parent	11,210,843,067.65	11,816,032,620.40
Capital and net debt	21,815,205,919.41	22,396,393,516.06
Net debt to equity ratio	49%	47%



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## VIII. DISCLOSURE OF FAIR VALUE

### Fair Value Estimation

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

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

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

The fair values of long-term loans are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2016, the Group's exposure to non-performance risk associated with the long-term borrowings is assessed as insignificant.

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### 1. Parent Company

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

HPG is the ultimate holding company of the Company.

### 2. Subsidiaries

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

### 3. Joint Ventures and Associates

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 4. Other Related Parties

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

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 5. Major Transactions between the Group and Related Parties

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

*Purchase of goods and receipt of services from related parties*

	Type of goods or services (Note)	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
<b>Transactions with the parent company</b>			
HPG	Integrated service	13,770,255.27	12,915,895.87
<b>Transactions with other related parties</b>			
河北港口集團港口工程有限公司	Construction service	49,072,125.00	28,779,018.04
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Repair and maintenance service	25,821,933.58	18,724,086.30
滄州渤海新區港口房地產開發有限公司	Construction service	6,800,000.00	–
秦皇島方宇物業管理有限公司	Logistics service	3,706,007.21	2,112,497.00
河北港口集團餐飲管理有限公司	Logistics service	1,587,470.28	4,965,688.00
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Logistics service	506,100.00	502,831.50
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	Repair and maintenance service	291,103.42	411,981.20
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Logistics service	151,438.00	–
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	Logistics service	130,454.71	–
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Supervisory	63,492.25	2,471,460.88
Daqin Railway Co., Ltd.	Logistics service	4,634.00	–
秦皇島港韻會議服務有限公司	Logistics service	3,000.00	4,000.00
Bank of Hebei Co., Ltd.	Financial settlement service	219.20	–
秦皇島市藍港國際旅行社有限公司	Logistics service	–	1,860.00
		88,137,977.65	57,973,422.92
		101,908,232.92	70,889,318.79

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

Integrated service represents the General Services Agreement entered into by the Group and HPG. The scope of services includes office leasing, port engineering maintenance, supervising, maintenance and repair of equipment, water and electricity, heat supply and communication etc.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

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

*Sales of goods and render of services to related parties*

	Type of goods or services (Note)	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
<b>Transactions with the parent company</b>			
HPG	Electricity supply service	2,474,072.94	2,972,703.88
<b>Transactions with joint ventures and associates</b>			
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Loading and unloading service	807,494.34	742,308.95
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Towing service	340,195.77	11,971,698.06
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Distribution purchasing	115,453.81	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Electricity supply service	73,757.66	127,136.53
		<b>1,336,901.58</b>	<b>12,841,143.54</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

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

*Sales of goods and render of services to related parties (continued)*

	Type of goods or services (Note)	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
<b>Transactions with other related parties</b>			
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Loading and unloading service	20,776,222.58	21,091,313.22
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	Loading and unloading service	10,292,169.43	30,007,944.49
秦皇島秦仁海運有限公司	Draft survey service	4,658,760.91	184,627.63
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Loading and unloading service	2,761,949.04	–
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Draft survey service	1,961,602.39	3,906,695.55
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Electricity supply service	1,060,497.99	986,085.27
河北港口集團港口工程有限公司	Electricity supply service	468,053.65	466,466.17
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	Loading and unloading service	435,095.30	600,269.81
Shenhua Huanghua Harbour Administration Corp. (Ltd)	Distribution purchasing	406,807.95	–
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Electricity supply service	355,067.22	270,230.79
Qinhuangdao Winsway Petroleum Co., Ltd.	Electricity supply service	156,980.31	99,319.97
China Ocean Shipping Agency Qinhuangdao	Electricity supply service	114,665.07	–
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Electricity supply service	93,419.39	–
秦皇島東方石油有限公司	Loading and unloading service	83,567.77	225,231.17
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Electricity supply service	55,088.85	64,687.04
河北港口集團餐飲管理有限公司	Electricity supply service	33,121.81	49,990.49
秦皇島方宇物業管理有限公司	Electricity supply service	10,020.08	11,905.81
		43,723,089.74	57,964,767.41
		47,534,064.26	73,778,614.83

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

#### (2) Leases with related parties

*As lessor*

	Category of Leased assets	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
秦皇島東方石油有限公司	Land use right	66,808.00	–
Qinhuangdao Winsway Petroleum Co., Ltd.	Land use right	22,017.00	–
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Buildings	17,333.00	–
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Machinery and equipment	–	521,319.66
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Machinery and equipment	–	11,697.44
<b>Total</b>		<b>106,158.00</b>	<b>533,017.10</b>

*As lessee*

	Category of Leased assets	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
HPG	Buildings and harbor facilities	39,888,756.45	48,671,102.30
HPG	Machinery and equipment	11,842,850.70	3,992,653.88
HPG	Office buildings	9,523,224.81	9,091,929.45
HPG	Vehicle	1,665,780.06	2,097,791.55
<b>Total</b>		<b>62,920,612.02</b>	<b>63,853,477.18</b>

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

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

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

#### (3) Borrowings from related parties

30 June 2016

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	2,000,000.00	4.13%	20 June 2016	20 June 2017
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	40,000,000.00	4.14%	21 September 2015	20 September 2016
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	40,000,000.00	3.92% benchmark rate	24 June 2016	23 June 2017
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	45,000,000.00	fall 10%	18 April 2016	17 April 2021

31 December 2015

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	4.14%	29 September 2015	26 November 2015
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	40,000,000.00	4.14%	21 September 2015	20 September 2016

#### Interest expenses paid

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	1,265,612.91	–

For the six months ended 30 June 2015, the Group did not have any call loan and relevant interest expense from Hebei Port Group Finance Company Limited (河北港口集團財務有限公司).

#### (4) Key management personnel

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Remuneration for key management personnel	1,682,096.29	1,971,872.91

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

#### (5) Transactions with other related parties

##### *Trademark use right*

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

##### *Deposits in related parties*

As at 30 June 2016, the balance of the Group's deposits in Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) amounted to RMB1,585,074,640.29 (31 December 2015: RMB1,431,771,483.66), and a interest income of RMB12,561,220.35 was incurred in the period (for the six months ended 30 June 2015: RMB6,392,238.23).

As at 30 June 2016, the balance of the Group's deposits in Bank of Hebei Co., Ltd. amounted to RMB1,599,224.84 (31 December 2015: RMB1,234,939.89). Interest income from Bank of Hebei Co. in the period amounted to RMB9,705.15 (for the six months ended 30 June 2015: RMB829.28).

##### *Agency business*

秦皇島之海船務代理有限公司, Penavico QHD Logistics Co., Ltd., China Ocean Shipping Agency Qinhuangdao, 秦皇島益嘉船務代理有限公司 and 秦皇島晉遠船務代理有限公司 accept the port services provided by the Group on behalf of non-related third parties shipping companies, and pay port services fee on behalf of these shipping companies to the Group. Relevant agencies derive service income from non-related third parties they serve. Below are the amount settled between relevant agencies serving non-related third parties and the Group:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
秦皇島之海船務代理有限公司	37,845,655.23	57,339,205.99
Penavico QHD Logistics Co., Ltd.	19,533,024.71	12,997,190.65
China Ocean Shipping Agency Qinhuangdao	14,930,211.63	12,549,035.94
秦皇島益嘉船務代理有限公司	731,468.83	1,358,325.46
秦皇島晉遠船務代理有限公司	218,247.00	103,380.71

##### *Others*

In April 2011, the Port Construction Command Office of Shanxi Province in Qinhuangdao ("Shanxi Port Construction Command"), a third party, initiated a civil lawsuit in the Higher People's Court of Hebei Province against the Company and HPG, the parent company, as co-defendants, claiming that the agreement in relation to Qinhuangdao Port investment between Shanxi Provincial Government and HPG had been terminated and the Company and HPG should return approximately RMB144.9 million, which includes the investment fund, accrued interest and management fees. HPG issued a commitment letter on 16 April 2012 whereby HPG committed to reimburse the Company for all losses in connection with the lawsuit.



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

#### (5) Transactions with other related parties (continued)

*Others (continued)*

Upon mediation from the Higher People's Court of Hebei Province, Shanxi Port Construction Command, HPG and the Group signed a settlement agreement on 5 July 2016. According to the requirement of the civil mediation, HPG shall compensate to Shanxi Port Construction Command, while the Company shall not bare any compensation responsibility. The Higher People's Court of Hebei Province officially issued a civil mediation on 21 July 2016, confirming the settlement agreement.

### 6. Commitments Made between the Group and Related Parties

#### Capital commitments

	30 June 2016 (unaudited)	31 December 2015
河北港口集團港口工程有限公司	14,887,659.00	22,153,451.00
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	7,468,684.00	8,358,129.00
	22,356,343.00	30,511,580.00

#### Lease commitments

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

	30 June 2016 (unaudited)	31 December 2015
Within 1 year (including 1 year)	121,499,900.00	17,046,300.00
1 to 2 years (including 2 years)	121,053,500.00	16,153,500.00
2 to 3 years (including 3 years)	60,526,750.00	16,153,500.00
Over 3 years	–	–
	303,080,150.00	49,353,300.00

Pursuant to the relevant lease contracts, the aforementioned minimum lease payments under non-cancellable leases on 30 June 2016 and 31 December 2015 mainly include rentals payable by the Company to HPG in respect of the lease of lands, buildings, facilities and equipment etc, with an annual rental of RMB104,900,000.00. The rental paid by the Group to related companies in respect of the lease assets are executed pursuant to the terms of the agreements entered into between the Group and the related parties.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 6. Commitments Made between the Group and Related Parties (continued)

#### Investment commitments

	30 June 2016 (unaudited)	31 December 2015
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	200,000,000.00	200,000,000.00
Bohai Jin-Ji Port Investment and Development Company Limited* (渤海津冀港口投資發展有限公司)	900,000,000.00	900,000,000.00
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	86,670,000.00	86,670,000.00
	<b>1,186,670,000.00</b>	<b>1,186,670,000.00</b>

### 7. The Parent Company and Subsidiaries

	30 June 2016 (unaudited)	31 December 2015
Investment in subsidiaries		
Unlisted investments, at cost	5,677,847,006.66	5,677,847,006.66

The amounts due from and to subsidiaries of RMB5,788,777.00元(31 December 2015: RMB3,380,019.25) and RMB866,218.33 (31 December 2015: RMB31,140.61) under the items of current assets and current liabilities, respectively, were unsecured, non-interest bearing and repayable on demand or falling due within one year.

### 8. Balances of Accounts Due from Related Parties

	30 June 2016 (unaudited)		31 December 2015	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<b>Accounts receivable</b>				
<u>Due from the parent company</u>				
HPG	7,333.50	366.68	7,333.50	366.68
<u>Due from associates</u>				
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	5,118,517.00	337,087.85	3,159,189.00	239,121.45
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	213,800.00	10,690.00	-	-
	<b>5,332,317.00</b>	<b>347,777.85</b>	3,159,189.00	239,121.45

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

	30 June 2016 (unaudited)		31 December 2015	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<b>Accounts receivable (continued)</b>				
<u>Due from other related parties</u>				
China Ocean Shipping Agency				
Qinhuangdao	25,380,428.56	1,325,431.13	14,026,049.51	701,302.48
秦皇島之海船務代理有限公司	19,419,267.00	970,963.35	11,994,750.00	599,737.50
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	10,505,335.00	525,266.75	1,821,718.00	91,085.90
Penavico QHD Logistics Co., Ltd.	7,912,373.00	395,618.65	536,734.00	26,836.70
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	1,896,247.32	99,436.01	2,788,325.21	143,606.74
秦皇島秦仁海運有限公司	1,018,393.70	50,919.69	1,196,847.52	59,842.38
Holiday Inn Qinhuangdao Sea View (秦皇島海景酒店有限公司)	305,579.40	15,278.97	580,472.00	29,023.60
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	249,902.00	12,495.10	–	–
秦皇島益嘉船務代理有限公司	178,969.00	8,948.45	247,048.00	12,352.40
Cangzhou Bohai New Zone Far Trans Shipping Agency Company	153,624.00	7,681.20	36,382.00	1,819.10
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	122,844.00	6,142.20	203,301.00	10,165.05
秦皇島東方石油有限公司	66,808.00	3,340.40	–	–
秦皇島晉遠船務代理有限公司	44,000.00	2,200.00	121,353.85	6,067.69
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	51,272.15	2,563.61	–	–
Qinhuangdao Winsway Petroleum Co., Ltd.	33,848.63	1,692.43	38,778.00	1,938.90
	<b>67,338,891.76</b>	<b>3,427,977.94</b>	33,591,759.09	1,683,778.44
	<b>72,678,542.26</b>	<b>3,776,122.47</b>	36,758,281.59	1,923,266.57
<b>Other receivables</b>				
<u>Due from the parent company</u>				
HPG	25,825.15	1,291.26	–	–
<u>Due from associates</u>				
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	43,110.00	2,155.50	–	–
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	–	–	38,391.34	1,919.57
<u>Due from other related parties</u>				
河北港口集團港口工程有限公司	37,941.96	1,897.10	37,941.96	1,897.10
	<b>106,877.11</b>	<b>5,343.86</b>	76,333.30	3,816.67

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 9. Balances of Accounts Due to Related Parties

	30 June 2016 (unaudited)	31 December 2015
<b>Accounts payable</b>		
<u>Due to the parent company</u>		
HPG	31,401,172.28	686,829.34
<u>Due to other related parties</u>		
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	6,069,003.69	535,917.11
河北港口集團港口工程有限公司	947,278.25	3,290,641.35
秦皇島方宇物業服務有限公司	407,545.65	–
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	119,534.00	211,134.00
Qinhuangdao Port Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	50,750.00	20,750.00
	7,594,111.59	4,058,442.46
	38,995,283.87	4,745,271.80
<b>Other payables</b>		
<u>Due to the parent company</u>		
HPG	59,824,535.00	51,756,911.85
<u>Due to other related parties</u>		
河北港口集團港口工程有限公司	91,678,130.85	62,404,804.10
Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	10,205,636.83	10,521,405.23
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	3,812,975.65	4,337,334.08
秦皇島方宇物業服務有限公司	148,443.40	–
	105,845,186.73	77,263,543.41
	165,669,721.73	129,020,455.26

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

	30 June 2016 (unaudited)	31 December 2015
<b>Receipts in advance</b>		
<u>Advance from other related parties</u>		
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	40,500.00	–
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	561,718.00	822,790.10
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	–	430,403.07
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	3,956.00	11,386.00
	606,174.00	1,264,579.17
<b>Interest payable</b>		
<u>Due to associates</u>		
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	132,183.33	50,600.00

Accounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

Note: in addition to the related party transactions with joint ventures and associates, other major transactions between the Group and its related parties also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

## X. COMMITMENTS

	30 June 2016 (unaudited)	31 December 2015
Contracted, but not provided for		
Capital commitments	229,747,582.07	242,837,857.88
Investment commitments	1,186,670,000.00	1,186,670,000.00
	1,416,417,582.07	1,429,507,857.88

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## XI. EVENTS AFTER THE BALANCE SHEET DATE

### Repurchase Undertaking

On 19 July 2016, Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) (“Jingtang Railway”), an associate of the Company, and China Railway Group Limited (中國中鐵股份有限公司) (“China Railway”) entered into the General Contracting Agreement on Investment and Construction of Jishugang Railway (“Shuicao Railway”) Project from Newly Constructed Shuichang Mine Area to Caofeidian Port Area\* (新建水廠礦區至曹妃甸港區集疏港鐵路工程投資及施工總承包合同) (“General Contracting Agreement”).

Under the requirement of General Contracting Agreement: 1) China Railway shall invest in and construct the Shuicao Railway Project undertaken by Jingtang Railway and increase the capital of Jingtang Railway for no less than RMB2.9 billion, at the benchmark lending rate, as published by the People’s Bank of China regularly, in the same period for loans due within five years and above during the period of fund appropriation. China Railway does not engage in the operation and management of the project, nor bear the operational loss; 2) Within six months from the opening of the Shuicao Railway Project, China Railway shall transfer the equity interests held in Jingtang Railway to the shareholders of Jingtang Railway, i.e. the Company and Beijing Shougang Resource Reuse Technology Co., Ltd. (北京首鋼資源再利用科技有限公司) (“Shougang Resource”); 3) the shareholders of Jingtang Railway shall pay the project capital invested by China Railway, in four tranches in total, half-yearly within two years from the fifth year and sixth year from the commencement of construction in equal instalments during the beginning of each period, and in case the funding allows, the Company and Shougang Resource can also decide to repurchase early; 4) where a party is unable to repurchase the equity interests as scheduled, the other party shall unconditionally repurchase the corresponding equity interests; in case of delay in repurchase or payment, Jingtang Railway agrees unconditionally that a liquidated damages is charged daily based on 0.05% of the amount in breach, or the shareholder interest of the project company is shared according to shareholding ratio as required by China Railway.

On 19 July 2016, the Company, Shougang Resource and Jingtang Railway jointly entered into the Repurchase Undertaking, to repurchase the equity interests held by China Railway within a specified period of time. On the same date, both shareholders of Shougang Resource have undertaken to the Company that, if Shougang Resource fails to perform the repurchase obligation according to the General Contracting Agreement, those two shareholders will repurchase in its stead and compensate the loss due to the delay to the Company.

## XII. OTHER IMPORTANT ITEMS

### 1. Segment Reporting

#### Operating segments

For management purpose, the Group is organised into business units based on their products and services, and has one reportable segment: provision of integrated port services. The Management monitors the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## XII. OTHER IMPORTANT ITEMS (CONTINUED)

### 1. Segment Reporting (continued)

#### Other information

##### *Information about products and services*

For the revenue classified by category, please refer to 36. Operating revenue and cost of Note V.

##### *Geographical information*

More than 90% of the Group's operations and customers are located in Mainland China; more than 90% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

##### *Information about major customers*

For the six months ended 30 June 2016, there were three (for the six months ended 30 June 2015: two) sales customers which individually contributed over 10% of the Group's total revenue. The revenue from such customers were RMB375,482,558.10, RMB301,268,801.92 and RMB297,264,166.68, respectively (for the six months ended 30 June 2015: RMB516,287,552.69 and RMB369,178,956.46, respectively).

### 2. Leases

#### As lessee

Significant operating leases: according to the lease contracts entered into with lessors, the minimum lease payments under non-cancellable leases are as follows:

	30 June 2016 (unaudited)	31 December 2015
Within 1 year (including 1 year)	121,767,800.00	17,394,700.00
1 to 2 years (including 2 years)	121,223,900.00	16,406,400.00
2 to 3 years (including 3 years)	60,697,150.00	16,323,900.00
Over 3 years	–	170,400.00
	303,688,850.00	50,295,400.00

#### As lessor

Fixed assets leased under operating leases are mainly the port facilities leased to third parties by the Group, such as stacking yards and machine equipments. Please refer to 12. Fixed assets of Note V.

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## XII. OTHER IMPORTANT ITEMS (CONTINUED)

### 3. Remunerations of Directors, Supervisors and Senior Management

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Fees	200,000.00	225,000.00
Other emoluments:		
Salaries and allowances	1,088,782.19	1,255,164.73
Pension scheme contributions	393,314.10	491,708.18
	1,482,096.29	1,746,872.91
	1,682,096.29	1,971,872.91

#### (1) Independent non-executive Directors

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
LI Man Choi	50,000.00	75,000.00
ZHAO Zhen	50,000.00	75,000.00
HOU Shujun	50,000.00	–
ZANG Xiuqing	50,000.00	–
YU Shulian	–	75,000.00
SHI Rongyao	–	–
	200,000.00	225,000.00

There were no other remunerations payable to the independent non-executive Directors during the period (for the six months ended 30 June 2015: nil).



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## XII. OTHER IMPORTANT ITEMS (CONTINUED)

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

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Salaries and allowances:		
Executive Directors:		
XING Luzhen	–	–
WANG Lubiao	136,417.03	165,351.70
TIAN Yunshan	142,594.20	168,806.10
MA Xiping	136,349.03	164,631.70
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
MI Xianwei	–	–
Supervisors:		
CAO Dong	131,364.57	134,148.10
YANG Jun	–	110,161.78
GE Ying	126,481.27	21,102.51
BU Zhouqing	–	–
LIU Simang	–	–
NIE Yuzhong	–	–
WANG Yashan	–	–
	673,206.10	764,201.89

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## XII. OTHER IMPORTANT ITEMS (CONTINUED)

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

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

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Salaries and allowances:		
Executive Directors:		
XING Luzhen	–	–
WANG Lubiao	53,651.10	70,293.54
TIAN Yunshan	55,245.36	71,152.32
MA Xiping	53,090.94	68,832.78
Non-executive Directors:		
ZHAO Ke	–	–
DUAN Gaosheng	–	–
LI Jianping	–	–
MI Xianwei	–	–
Supervisors:		
CAO Dong	40,433.28	43,613.28
YANG Jun	–	33,784.05
GE Ying	34,936.20	6,807.29
BU Zhouqing	–	–
LIU Simang	–	–
NIE Yuzhong	–	–
WANG Yashan	–	–
	<b>237,356.88</b>	<b>294,483.26</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## XII. OTHER IMPORTANT ITEMS (CONTINUED)

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

#### (3) Senior management

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Salaries and allowances:		
HE Zhenya	141,533.97	167,211.10
YANG Wensheng	137,693.09	159,120.04
GUO Xikun	136,349.03	164,631.70
	415,576.09	490,962.84
	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Pension scheme contributions:		
HE Zhenya	53,803.02	69,355.32
YANG Wensheng	48,901.26	58,892.04
GUO Xikun	53,252.94	68,977.56
	155,957.22	197,224.92

There was no agreement under which a director or senior management waived or agreed to waive any remuneration during the period (for the six months ended 30 June 2015: nil).

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

## XII. OTHER IMPORTANT ITEMS (CONTINUED)

### 4. Five Highest Paid Senior Management

The five highest paid employees during the period included three Directors (for the six months ended 30 June 2015: three), details of whose remuneration are set out in 3. Remunerations of Directors, Supervisors and Senior Management of Note XI. Details of remunerations of the remaining two non-director employees (for the six months ended 30 June 2015: two) during the year are as follows:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Salaries and allowances	277,883.00	331,842.80
Pension scheme contributions	107,055.96	138,332.88
	<b>384,938.96</b>	470,175.68

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

	Number of employees	
	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Nil to RMB1,000,000	2	2

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 1. Accounts Receivable

	30 June 2016 (unaudited)	31 December 2015
Within 1 year	108,451,138.21	84,855,356.49
1 to 2 years	73,974,696.35	89,061,264.83
2 to 3 years	271,421.18	32,827.71
Over 3 years	1,655,441.05	1,655,441.05
	<b>184,352,696.79</b>	175,604,890.08
Less: Provision for bad debts	<b>14,539,800.32</b>	14,813,217.51
	<b>169,812,896.47</b>	160,791,672.57

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

	Opening balance in the period/year	Provision in the current period/year	Reversal in the current period/year	Write-off in the current period/year	Closing balance in the period/year
For the six months ended 30 June 2016 (unaudited)	14,813,217.51	-	(273,417.19)	-	14,539,800.32
2015	12,675,215.67	2,138,001.84	-	-	14,813,217.51

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 1. Accounts receivable (continued)

	30 June 2016 (unaudited)				31 December 2015			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts by credit risk characteristics group								
Within 1 year	108,451,138.21	58.83	5,424,074.74	5	84,855,356.49	48.32	4,243,733.97	5
1 to 2 years	73,974,696.35	40.12	7,402,221.88	10	89,061,264.83	50.72	8,904,194.18	10
2 to 3 years	271,421.18	0.15	58,062.65	30	32,827.71	0.02	9,848.31	30
Over 3 years	1,655,441.05	0.90	1,655,441.05	100	1,655,441.05	0.94	1,655,441.05	100
	<b>184,352,696.79</b>	<b>100.00</b>	<b>14,539,800.32</b>		<b>175,604,890.08</b>	<b>100.00</b>	<b>14,813,217.51</b>	

As at 30 June 2016 and 31 December 2015, the Company performed the impairment test in respect of single accounts receivable that was significant, and considered that there was no need for the provision for bad debts separately. The Company grouped these accounts receivable and made the provision for bad debts in the method of ageing analysis.

### 2. Other Receivables

An aged analysis of other receivables is as follows:

	30 June 2016 (unaudited)	31 December 2015
Within 1 year	4,376,155.03	3,977,404.03
1 to 2 years	530,521.24	701,288.57
2 to 3 years	526,779.60	2,397,300.00
Over 3 years	130,881.24	25,631,421.24
	<b>5,564,337.11</b>	<b>32,707,413.84</b>
Less: Provision for bad debts of other receivables	560,774.99	26,622,946.22
	<b>5,003,562.12</b>	<b>6,084,467.62</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 2. Other Receivables (continued)

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

	Opening balance in the period/year	Provision in the current period/year	Reversal in the current period/year	Write-off in the current period/year	Closing balance in the period/year
For the six months ended 30 June 2016 (unaudited)	26,622,946.22	–	(26,062,171.23)	–	560,774.99
2015	46,033,632.93	–	(19,410,686.71)	–	26,622,946.22

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

	30 June 2016 (unaudited)				31 December 2015			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	4,376,155.03	78.65	218,807.75	5	3,977,404.03	12.16	198,870.20	5
1 to 2 years	530,521.24	9.53	53,052.12	10	701,288.57	2.14	68,460.90	10
2 to 3 years	526,779.60	9.47	158,033.88	30	2,397,300.00	7.33	724,193.88	30
3 to 4 years	–	–	–	–	130,881.24	0.40	130,881.24	100
Over 4 years	130,881.24	2.35	130,881.24	100	25,500,540.00	77.97	25,500,540.00	100
	5,564,337.11	100.00	560,774.99		32,707,413.84	100.00	26,622,946.22	

Other receivables by nature are as follows:

	30 June 2016 (unaudited)	31 December 2015
Equity transfer consideration	–	25,500,540.00
Deposits	1,145,700.00	3,467,004.40
Others	4,418,637.11	3,739,869.44
	5,564,337.11	32,707,413.84

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 3. Available-for-sale financial assets

	30 June 2016 (unaudited)	31 December 2015
Non-listing investment		
Available-for-sale equity instruments	562,752,357.95	562,752,357.95

As at 30 June 2016, the domestic unlisted equity investments held by the Group were measured at cost. The Company has no intention to dispose of these investments. The specific details are as follows:

Name of investee	31 December 2015	Increase in the period	Decrease in the period	30 June 2016
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	498,000,000.00	-	-	498,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	34,000,000.00	-	-	34,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	30,752,357.95	-	-	30,752,357.95
Total	562,752,357.95	-	-	562,752,357.95

被投資單位名稱	31 December 2014	Increase in the period	Decrease in the period	31 December 2015
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	498,000,000.00	-	-	498,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	34,000,000.00	-	-	34,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	30,752,357.95	-	-	30,752,357.95
Total	562,752,357.95	-	-	562,752,357.95



# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 4. Long-term equity investments

For the six months ended 30 June 2016 (unaudited)

	Changes in the period				Closing carrying amount
	Opening balance	Investment income or loss under the equity method	Distribution of cash dividend	Other changes in equity	
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	-	12,085,383.72
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	10,125,275.79	-	-	-	10,125,275.79
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	-	219,521,347.15
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	2,360,000,000.00	-	-	-	2,360,000,000.00
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	-	918,000,000.00
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	1,930,000,000.00	-	-	-	1,930,000,000.00
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	32,500,000.00	-	-	-	32,500,000.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	-	49,500,000.00
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	-	56,000,000.00
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	-	40,115,000.00
Cangzhou Huanghuagang Coal Port Co., Ltd. (滄州黃驊港煤炭港務有限公司)	50,000,000.00	-	-	-	50,000,000.00
Total under cost method	5,677,847,006.66	-	-	-	5,677,847,006.66
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	99,285,990.07	(2,014,855.82)	-	-	97,271,134.25
Sub-total of joint ventures	99,285,990.07	(2,014,855.82)	-	-	97,271,134.25
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	932,604.68	(932,604.68)	-	-	-
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	211,146,190.86	(1,723,386.16)	-	-	209,422,804.70
唐山曹妃甸實業港務有限公司	1,004,030,593.63	66,822,965.55	(105,000,000.00)	2,053,700.53	967,907,259.71
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	20,000,000.00	-	-	-	20,000,000.00
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	35,960,996.42	(616,602.73)	-	-	35,344,393.69
滄州中理外輪理貨有限公司	4,749,227.99	1,368,746.89	-	-	6,117,974.88
Sub-total of associates	1,276,819,613.58	64,919,118.87	(105,000,000.00)	2,053,700.53	1,238,792,432.98
Total under equity method	1,376,105,603.65	62,904,263.05	(105,000,000.00)	2,053,700.53	1,336,063,567.23
Total	7,053,952,610.31	62,904,263.05	(105,000,000.00)	2,053,700.53	7,013,910,573.89

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 4. Long-term equity investments (continued)

2015

	Opening balance	Changes in the year			Closing carrying amount
		Increase in investment	Investment income or loss under the equity method	Distribution of cash dividend	
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限公司)	7,045,383.72	5,040,000.00	-	-	12,085,383.72
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	10,125,275.79	-	-	-	10,125,275.79
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	-	219,521,347.15
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	2,360,000,000.00	-	-	-	2,360,000,000.00
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	-	918,000,000.00
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	1,930,000,000.00	-	-	-	1,930,000,000.00
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	32,500,000.00	-	-	-	32,500,000.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	-	49,500,000.00
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	-	56,000,000.00	-	-	56,000,000.00
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	-	40,115,000.00	-	-	40,115,000.00
Cangzhou Huanghuagang Coal Port Co., Ltd. (滄州黃驊港煤炭港務有限公司)	-	50,000,000.00	-	-	50,000,000.00
<b>Total under cost method</b>	<b>5,526,692,006.66</b>	<b>151,155,000.00</b>	<b>-</b>	<b>-</b>	<b>5,677,847,006.66</b>
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	100,000,000.00	-	(714,009.93)	-	99,285,990.07
<b>Sub-total of joint ventures</b>	<b>100,000,000.00</b>	<b>-</b>	<b>(714,009.93)</b>	<b>-</b>	<b>99,285,990.07</b>
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,250,388.06	-	(1,317,783.38)	-	932,604.68
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	203,167,579.17	-	7,978,611.69	-	211,146,190.86
唐山曹妃甸實業港務有限公司	970,978,558.80	-	170,803,747.12	(140,000,000.00)	1,004,030,593.63
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	20,000,000.00	-	-	-	20,000,000.00
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	37,130,435.93	-	(1,169,439.51)	-	35,960,996.42
滄州中理外輪理貨有限公司	1,994,046.00	1,320,000.00	1,435,181.99	-	4,749,227.99
<b>Sub-total of associates</b>	<b>1,235,521,007.96</b>	<b>1,320,000.00</b>	<b>177,730,317.91</b>	<b>(140,000,000.00)</b>	<b>1,276,819,613.58</b>
<b>Total under equity method</b>	<b>1,335,521,007.96</b>	<b>1,320,000.00</b>	<b>177,016,307.98</b>	<b>(140,000,000.00)</b>	<b>1,376,105,603.65</b>
<b>Total</b>	<b>6,862,213,014.62</b>	<b>152,475,000.00</b>	<b>177,016,307.98</b>	<b>(140,000,000.00)</b>	<b>7,053,952,610.31</b>

# NOTES TO FINANCIAL STATEMENTS

30 June 2016

RMB

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

### 5. Operating Revenue and Cost

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Revenue	1,873,978,257.24	2,997,507,345.64
Operating costs	1,450,056,153.73	1,604,888,158.21

Revenue is as follows:

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Revenue from service in relation to coal and relevant products	1,618,088,562.11	2,661,678,905.34
Revenue from service in relation to metal ore and relevant products	55,527,705.62	64,274,656.47
Revenue from service in relation to general and other cargoes	85,800,254.64	114,404,566.21
Revenue from service in relation to liquefied cargoes	30,719,188.12	54,889,922.24
Revenue from others	83,842,546.75	102,259,295.38
	1,873,978,257.24	2,997,507,345.64

### 6. Investment Income

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Dividend income on holding available-for-sale financial assets	2,400,000.00	59,250,000.00
Income from long-term equity investments under equity method	62,904,263.05	110,152,447.43
Including: Investment income from associates	64,919,118.87	109,610,638.44
Investment income from joint ventures	(2,014,855.82)	541,808.99
	65,304,263.05	169,402,447.43

# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Audit Committee”	the audit committee of the Board
“Berth”	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
“Board of Directors” or “Board”	the board of directors of the Company
“Cangzhou Bohai”	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on 31 October 2007, with 95.93% of its equity interest held by the Company as at the date of this report
“Cangzhou Mineral”	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company incorporated in the PRC with limited liability on 10 April 2012, with 98.47% of its equity interest held by the Company as at the date of this report
“Caofeidian Port”	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
“Caofeidian Shiye”	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company incorporated in the PRC with limited liability on 4 September 2002, with 35% of its equity interest held by the Company as at the date of this report
“Company”	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“corresponding period of 2015”	the six months ended 30 June 2015
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Dry bulk”	solid commodity cargo comprised of major dry bulk (coal, metal ore and grain) and other dry bulk commodities such as sugar, cement and fertilizer
“Global Offering”	the issuance of H Shares of the Company by way of Hong Kong public offering and international offering in 2013
“Group”, “the Group”, “us” or “we”	the Company and all of its subsidiaries (unless the context otherwise requires)
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed and dealt in, on the Stock Exchange
“harbour”	a port of haven where ships may anchor
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“HPG”	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), holds 61.72% equity interest of the Company as at the date of this report
“Huanghua Port”	Huanghua Port in Cangzhou City, Hebei Province
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 29 November 2013 in connection with the Global Offering
“Qinhuangdao Port”	Qinhuangdao Port in Qinhuangdao City, Hebei Province
“Reporting Period”	the six months ended 30 June 2016
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of our Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company established pursuant to the PRC Company Law
“Terminal”	a major construction of a harbour which is designated for mooring vessels, loading and unloading cargoes and boarding travelers
“TEU” or “container”	a box made of aluminum, steel or fiberglass and used to transport by ship, rail or barge. The standardized dimension (i.e one TEU) is twenty feet in length, eight feet and six inches in height and eight feet in width
“Throughput”	a measure of the volume of cargo handled by a port. Where cargoes are transhipped, each unloading and loading process is measured separately as part of throughput

\* For identification purpose only