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

2017
ANNUAL REPORT

* For identification purposes only

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DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"A Share(s)"	the RMB ordinary share(s) issued by the Company in China, which are subscribed for in RMB and listed on the SSE, with a nominal value of RMB1.00 each
"AGM" or "Annual General Meeting"	the annual general meeting or its adjourned meetings of the Company to be held at 10:00 am on Wednesday, 20 June 2018 at Qinhuangdao Sea View Hotel, 25 Donggang Road, Haigang District, Qinhuangdao, Hebei Province, PRC
"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Berth"	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
"Board of Directors" or "Board"	the board of directors of the Company
"Bohai Jin-Ji"	Bohai Jin-Ji Port Investment and Development Co., Ltd. * (渤海津冀港口投資發展有限公司), a company incorporated in the PRC with limited liability.
"Cangzhou Bohai Port"	Cangzhou Bohai Stevedoring 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 96.08% of its equity interest held by the Company as at the date of this report
"Cangzhou Mineral Port"	Cangzhou Huanghua Port Ore Stevedoring 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 Coal Port"	Tangshan Caofeidian Coal Stevedoring Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company incorporated in the PRC with limited liability on 29 October 2009 with 51.00% 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
"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
"Director(s)"	director(s) of the Company

"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
"the Group"	he 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
"harbor"	a port of haven where ships may anchor
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPG"	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which holds 54.27% equity interest of the Company
"HPG Finance"	Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) a company incorporated in the PRC with Limited liability on 10 July 2014, with 40.00% of its equity interest held by 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
"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)"	A Share(s) and/or H Share(s) (as the case may be)
"Shareholder(s)"	holder(s) of our Shares
"SSE"	the Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Terminal"	a major construction of a harbor 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 transshipped, each unloading and loading process is measured separately as part of throughput
"the Year"or"the Reporting Period"	the year ended 31 December 2017

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. CAO Ziyu (曹子玉)

Board of Directors

(1) Executive Directors

Mr. CAO Ziyu (曹子玉)
Mr. YANG Wensheng (楊文勝)
Mr. WANG Lubiao (王錄彪)
Mr. MA Xiping (馬喜平)

(2) Non-executive Directors

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

(3) Independent Non-executive Directors

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

Board Committees

(1) Audit Committee

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

(2) Remuneration and Appraisal Committee

Mr. HOU Shujun (侯書軍) (Chairman)
Mr. YANG Wensheng (楊文勝)
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. CAO Ziyu (曹子玉) (Chairman)
Mr. YANG Wensheng (楊文勝)
Mr. MI Xianwei (米獻煒)
Mr. ZHAO Zhen (趙振)
Mr. HOU Shujun (侯書軍)

Supervisory Committee

(1) Supervisors

Mr. BU Zhouqing (卜周慶)
Mr. LIU Simang (劉巳莽)

(2) Employee Representative Supervisors

Mr. CAO Dong (曹棟)
Ms. CHEN Linyan (陳林燕)

* *For identification purpose only*

Company Secretary

Mr. ZHANG Nan (張楠)

Authorized Representatives

Mr. MA Xiping (馬喜平)
Mr. ZHANG Nan (張楠)

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

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

Principal Bankers

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

H Share Registrar in Hong Kong

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

Company Website

www.portqhd.com

Stock Code

3369 (H share)
601326 (A share)

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of the Group for the year ended 31 December 2017.

Analysis of the Macroeconomic Condition

During the Year, the global economic cycle has been going upward; economic growth has accelerated significantly; commodity prices have gone up; and international trade has risen in volume and price. During the same period, China's economy has been stable and improved, with annual GDP growth of 6.9% and the economy continuing to operate in a reasonable range. China has made solid progress in the structural reform on the supply side and continuously optimized the economic structure; and the development trend has taken on new changes. However, the international environment is still intricate and complex, and the imbalance and insufficiency of domestic development is relatively prominent. There are still many difficulties and challenges in the economic operation.

Performance of Major Business and Dividends

During the Year, the Group actively responded to the complicated and volatile market environment and the increasingly fierce competition with neighboring ports, and grasped the favorable opportunity for continuing growth of the national economy. The Group meticulously organized production and controlled cost, achieving a significant year-on-year increase in port throughput and operating performance.

During the Year, the Group has achieved a total throughput for all types of cargoes of 381 million tonnes, representing an increase of 21.70% as compared with 2016. The throughput of coals, metal ores, oil and liquefied chemicals, containers and the general and other cargoes amounted to 233 million tonnes, 119 million tonnes, 3.15 million tonnes, 15.93 million tonnes and 9.09 million tonnes, respectively. The Group has achieved an operating income of RMB7.033 billion, representing an increase of 43.21% as compared with RMB4.911 billion for the corresponding period last year. The net profit attributable to owners of the parent company amounted to RMB963 million, representing an increase of 163.81% as compared with RMB365 million for the corresponding period last year. The Board of Directors proposed to distribute a final dividend of RMB0.062 per share (inclusive of tax) for the Year.

Business Review

As one of the largest public port operator for major dry bulk cargoes in the world and one of the most important ore port operators in the Bohai Rim, the Group provides customers with coal, metal ores, oil/liquefied chemicals, dry bulk cargoes, containers and related logistics services and port value-added and related services.

The Group seized the favorable opportunity of the demand for large quantities of dry bulk cargo such as coal and ore going well, innovated business models, increased marketing efforts, deepened internal management, and completed various production task targets.

For coal business, the Group comprehensively promoted market segmentation and target marketing. Each customer is taken care of by a manager and their needs are closely monitored. We exerted the efficiency of co-located office to achieve a straight way from road to port to board, ensuring the maximum efficiency of loading. The Group comprehensively promoted the standardization of port operations and effectively reduced the time of unloading and loading operations. The website for business dealings was officially put into operation, and the port's soft power increased significantly. For metal ore business, the Group conducted in-depth investigations on the hinterland of cargo sources, explored trains to collect and transport goods, and improved operational efficiency and service standards. Both the Caofeidian Port of Tangshan and the Huanghua Port of Zhangzhou have achieved an increase in metal ore throughput. In respect of oil and liquefied chemicals, the source of the sixth stage standard gasoline of Beijing was successfully exploited, customs supervised storage tanks passed acceptance and operating conditions provided. In respect of container business, the lump coal trains formally began running, and the direct flight route between Davao, the Philippines and Qinhuangdao was officially started. Cooperation with Tianjin Port has been deepened, and the throughput has hit a record high.

Capital Operation

On August 16, 2017, the A shares of the Company were listed on the Main Board of the Shanghai Stock Exchange, and 558 million shares were issued at RMB2.34 per share, raising net proceeds of RMB1.241 billion. The Company returned to the A-share market three years after it landed on the main board of HKEX in December 2013. It has become the first state-controlled A+H dual-capitalized platform listed company in Hebei Province, providing a more solid guarantee for the follow-up development of the Group.

Outlook and Prospects

In 2018, the world economic environment is expected to continue to improve. The growth rate of major economies will increase. The growth momentum of international trade will resume and the confidence in the financial market will be stable. Domestically, the national economy will continue to grow steadily and quickly, and a new round of opening up will stabilize and stimulate China's external demand. Hebei takes the building of coastal economic belt and the nurturing of new heights for regional development as strategic measures to promote high-quality development. The development of the port economy has accelerated, providing strategic support for the high-quality development of the Group.

In 2018, challenges and opportunities coexist in the Group's production and operation. Both the Watang-Rizhao Railway and the Huaneng Cainfeidian Wharf have gone into operation, thus the competition between the coal passages and wharfs has further intensified. Nuclear power, hydropower and other clean energy sources have crowded out the demand for thermal power. The suspension of truck transportation of coal in Hebei and the limited winter production of iron and steel enterprises caused heavy pressure on Bohai Port of Cangzhou and the industrial production of Caofeidian. However, it should also be noted that the domestic macro economy continues to improve, and that restrictions are imposed on imported coal, as well as the increase in transport volumes of Datong-Qinhuangdao railway and Inner Mongolia-Hebei Railway. These will provide a solid guarantee for the Group's coal business needs. In addition, the Group will continue to improve customer recognition of the Group's services by continuing to focus on services and efficiency, as well as hardware and software improvements.

In 2018, the Group will seize the major historic opportunities of the Belt and Road Initiative, the coordinated development of Beijing-Tianjin-Hebei, the planning and construction of the Xiong'an New District and the development of the Bohai Rim. It aims at the goal of building a first-class energy transportation enterprise and will build the port into a smart, efficient, safe, green, and ministrant port. We will make efforts to create substantial returns for shareholders.

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

Qinhuangdao Port Co., Ltd.
Cao Ziyu
Chairman

29 March 2018

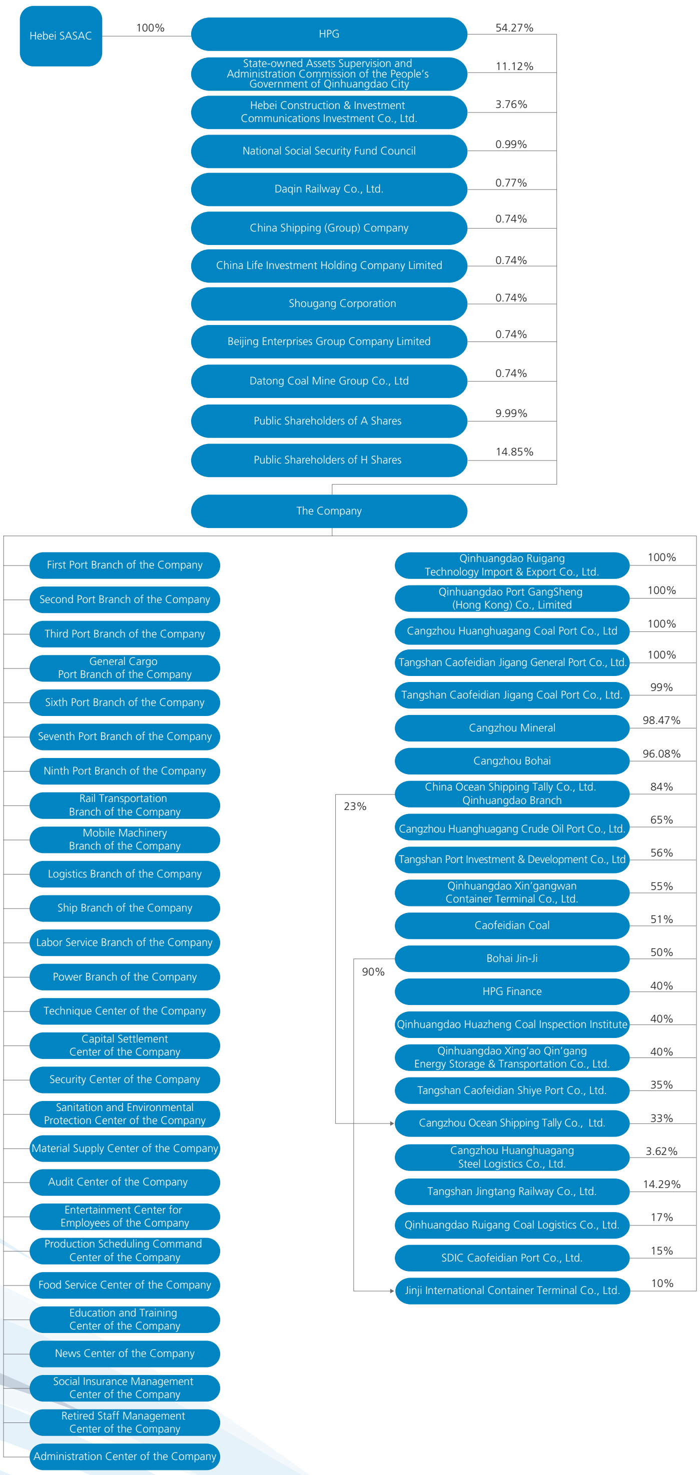
FINANCIAL HIGHLIGHTS

	2017 RMB'000	2016 RMB'000	2015 RMB'000	2014 RMB'000	2013 RMB'000
Summary of income statement					
Revenue	**7,033,249**	4,911,006	6,889,894	7,223,103	7,189,172
Gross profit	**2,505,864**	1,337,569	2,810,968	3,146,107	3,143,453
Total profit	**1,229,781**	485,281	1,713,418	2,557,383	2,195,985
Net profit attributable to owners of the parent company	**962,971**	365,029	1,344,490	1,980,145	1,764,362
Basic/diluted earnings per share (RMB cents)	**18.38**	7.26	26.73	39.37	40.88
Summary of balance sheet					
Cash and bank balances	**1,983,285**	1,857,033	2,483,302	3,095,476	5,945,267
Net current liabilities	**1,228,795**	1,987,701	1,089,841	1,632,545	2,021,188
Total assets	**25,774,835**	26,290,687	27,170,291	28,136,779	29,241,743
Interest-bearing bank borrowings	**8,124,014**	11,266,402	11,584,954	11,010,089	10,763,459
Gearing ratio (%)	**43.47%**	51.82%	52.00%	52.31%	55.38%
Net assets per Share (RMB)	**2.40**	2.27	2.35	2.43	2.36
Return on net assets (%)	**7.80%**	3.14%	11.18%	16.42%	19.29%
Summary of cash flow statement					
Net cash flows from operating activities	**2,888,395**	1,488,869	2,321,238	2,983,811	2,869,195
Net cash flows from investing activities	**-1,671,685**	-85,788	-2,042,456	-3,172,428	-2,244,831
Net cash flows from financing activities	**-1,351,607**	-1,645,427	-1,813,707	-2,479,954	1,487,048
Net increase in cash and cash equivalents	**-150,659**	-226,651	-1,525,783	-2,635,117	2,094,469

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

SHAREHOLDING STRUCTURE OF THE GROUP

As at 31 December 2017, the shareholding structure of the Group was as follows:



Note: In 2017, Cangzhou Bohai Port (as the transferor) entered into an equity transfer agreement with Bohai Jin-Ji (as the transferee), pursuant to which Cangzhou Bohai Port agreed to transfer and Bohai Jin-Ji agreed to acquire 90% equity interest in Cangzhou Bohai Jinji Container Terminal Co., Ltd. at a consideration of RMB519,345,419 (subject to the adjustment of the last consideration). (Since August 2017, the company name of Cangzhou Bohai Jinji Container Terminal Co., Ltd. has been changed to Jinji International Container Terminal Co., Ltd.)

(I) Industry Overview

(1) Overview of Port Industry in the PRC

In 2017, the PRC's macro-economy grew steadily with favorable momentum and delivered better-than-expected results. In particular, the GDP increased by 6.9% to over RMB82.7 trillion, significant progress was made in supply side structural reform, the transition to new economic drivers was accelerated, and the quality and efficiency of economic development were enhanced continuously. The throughput of cargoes in coastal ports above designated size reached 8.625 billion tonnes, representing a year-on-year increase of 6.4%, in which the cargo throughput of foreign trade reached 3.571 billion tonnes, representing a year-on-year increase of 5.3%, and the containers throughput reached 209.85 million TEU, representing a year-on-year increase of 7.7%.

(2) Overview of Port Coal Industry in the PRC

In 2017, significant progress was made in supply side structural reform of coal industry with gradual release of quality production capacity, elimination of outdated capacity, tight balance in supply and demand of coal and high price level of coal. Affected by the low base point due to the policy of capacity cut in last year and the release of advanced capacity during the current year, the total production volume of raw coal by all coal production enterprises in the PRC was recovered to 3.52 billion tonnes, representing a year-on-year increase of 3.3%. Benefited by the favorable development in both supply and demand of coal, the shipment of domestic traded coal in major ports in the PRC recorded general increase.

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

In 2017, significant progress was made in capacity cut and elimination of low quality steel in steel industry. The political and environmental pressure accelerated the elimination of outdated capacity, relevant major enterprises increased their market shares and enhanced their bargaining power, and the price of ferrous metal continued to increase. Supported by high profitability, the production volume of steel grew steadily. The total production volume of crude steel in the PRC amounted to 832 million tonnes in 2017, representing a year-on-year increase of 5.7%. The improvement in steel industry drove the demand in port metal ore industry. In 2017, the amount of imported iron ores and concentrates of the PRC registered a record high of 1.075 billion tonnes, representing a year-on-year increase of 5.0%.

(4) Overview of Port Oil Industry in the PRC

In 2017, the price of crude oil remained low in the international market with slow recovery, which led to the continuously decrease in production volume of crude oil in the PRC with crude oil production volume of 192 million tonnes in 2017, representing a year-on-year decrease of 4.1%, narrowed by 2.8 percentage points. In order to meet the requirement for production and consumption, the import volume of crude oil maintained rapid growth and registered a record high of 420 million tonnes in 2017, representing a year-on-year growth of 10.1%. Driven by the increase in import volume of crude oil, the inward volume of imported crude oil at major ports in the PRC maintained at a relatively high level throughout the year.

Source: Ministry of Transport, National Bureau of Statistics, NDRC website, website of the General Administration of Customs of the PRC and Shanghai Shipping Exchange.

(II) Results of Operation and Financial Performance

(1) Revenue

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

During the Year, the revenue of the Group amounted to RMB7,033,249 thousand, representing an increase of RMB2,122,243 thousand or 43.21% as compared with the revenue of RMB4,911,006 thousand in 2016. Such increase was mainly attributable to factors such as the stabilization and recovery of the macro economy, significant increase of the Group's throughput, recovery of coal operating rates and the subsidiaries Cangzhou Mineral Port and Caofeidian Coal Port have been put into operation successively, which resulted in an increase in revenue.

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

	For the year ended 31 December					
	2017		2016			
	Revenue (RMB'000)	**Percentage of total revenue (%)**	Revenue (RMB'000)	Percentage of total revenue (%)	Increase/ (decrease) (RMB'000)	Increase/ (decrease) (%)
Dry bulk	**6,422,510**	**91.32**	4,306,281	87.69	2,116,229	49.14
–Coal	**5,210,348**	**74.09**	3,530,506	71.89	1,679,842	47.58
– Metal ore	**1,212,162**	**17.23**	775,775	15.80	436,387	56.25
Oil and liquefied chemicals	**66,976**	**0.95**	65,561	1.33	1,415	2.16
Container	**103,655**	**1.47**	134,148	2.73	-30,493	-22.73
General and other cargoes	**176,418**	**2.51**	178,788	3.64	-2,370	-1.33
Others	**263,690**	**3.75**	226,228	4.61	37,462	16.56
Total	**7,033,249**	**100.00**	4,911,006	100.00	2,122,243	43.21%

(2) Operating Cost

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

During the Year, the operating cost of the Group amounted to RMB4,527,385 thousand, representing an increase of RMB953,948 thousand or 26.70% as compared with the operating cost of (RMB3,573,437 thousand) in 2016. The increase was mainly attributable to the corresponding increase in variable costs such as repair and maintenance expenses, staff performance bonus and power and fuel costs affected by the increased throughput, as well as the increase in the operating cost caused by the relevant project of our subsidiaries, Cangzhou Mineral Port and Caofeidian Coal Port, which have been put into operation successively.

(3) Gross Profit Margin

During the Year, the gross profit of the Group amounted to RMB2,505,864 thousand, representing an increase of RMB1,168,295 thousand or 87.34% as compared with the gross profit of RMB1,337,569 thousand in 2016. The gross profit margin of the Group was 35.63% for the Year, representing a year-on-year increase of 8.39 percentage points as compared with (27.24%) in 2016. Such increase was mainly due to the increase in the gross profit greater than the increase in revenue.

(4) Segment Analysis (Business Review)

During the Year, the Group achieved a total cargo throughput of 380.63 million tonnes, representing an increase of 67.87 million tonnes or 21.70%, as compared with the throughput of 312.76 million tonnes in 2016. The throughputs generated from each of the ports which we operate are as follows:

	For the year ended 31 December					
	2017		2016			
	Throughput (million tonnes)	**Percentage of total throughput (%)**	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Qinhuangdao Port	**237.73**	**62.46**	179.66	57.44	58.07	32.32
Caofeidian Port	**77.12**	**20.26**	73.11	23.38	4.01	5.48
Huanghua Port	**65.78**	**17.28**	59.99	19.18	5.79	9.65
Total	**380.63**	**100.00**	312.76	100.00	67.87	21.70

During the Year, the Group achieved a cargo throughput of 237.73 million tonnes in Qinhuangdao Port, representing an increase of 58.07 million tonnes or 32.32% from 179.66 million tonnes for 2016.The increase was mainly due to that fact that the main cargo handled in Qinhuangdao Port was coal, as well as the significant increase in the coal throughput benefited from the steady growth of the economy of the PRC as a whole, release of advanced production capacity of coal and policies relating to restrictions on the business of coal transfer/ collection by truck and imported coal.

The Group achieved a cargo throughput of 77.12 million tonnes in Caofeidian Port, representing an increase of 4.01 million tonnes or 5.48% from 73.11 million tonnes for 2016.The increase was mainly due to the increase in the metal ore throughput benefited from an increase in metal ore demand of steelworks in the economic hinterland of the Group and measures taken by the Group to attract the customers and enhance operating efficiency.

The Group achieved a cargo throughput of 65.78 million tonnes in Huanghua Port, representing an increase of 5.79 million tonnes or 9.65% from 59.99 million tonnes for 2016. The increase was mainly due to a larger throughput at Huanghua Port and a larger containers throughput. The Group has a wide range of sources to attract ore traders through the development of a mature logistics system and efficient and high-quality services in the Huanghua Port area. In respect of container business, we cooperated with shipping companies and actively expanded our shipping lines and sea-rail intermodal transportation business.

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

	For the year ended 31 December					
	2017		2016			
	Throughput (million tonnes)	**Percentage of total throughput (%)**	Throughput (million tonnes)	Percentage of total throughput (%)	Increase/ (decrease) (million tonnes)	Increase/ (decrease) (%)
Dry bulk	**352.46**	**92.60**	289.78	92.65	62.68	21.63
– Coal	**233.40**	**61.32**	177.04	56.60	56.36	31.83
– Metal ore	**119.06**	**31.28**	112.74	36.05	6.32	5.61
Oil and liquefied chemicals	**3.15**	**0.83**	3.31	1.06	(0.16)	(4.83)
Container	**15.93**	**4.18**	13.25	4.24	2.68	20.23
General and other cargoes	**9.09**	**2.39**	6.42	2.05	2.67	41.59
Total	**380.63**	**100.00**	312.76	100.00	67.87	21.70

(i) Dry bulk cargoes handling services

Our dry bulk cargoes handling services mainly include coal and metal ores handling services. During the Year, the Group recorded a total dry bulk throughput of 352.46 million tonnes, representing an increase of 62.68 million tonnes or 21.63% from 289.78 million tonnes for 2016.

During the Year, the Group achieved a total coal throughput of 233.40 million tonnes, representing an increase of 56.36 million tonnes or 31.83% from 177.04 million tonnes for 2016. Such increase was mainly because: (i) the ports in Tianjin and Hebei region stopped the business of coal transfer by truck, which further increased the demand and proportion of coal transfer by railway transportation due to less channels available for coal transpiration, leading to the return of certain cargo sources to Daqin Railway. As such, the Group, as the main hub port of Daqin Railway, recorded significant increase in amount of coal collection; (ii) in order to retain the benefits of coal capacity cut, the PRC issued relevant policy to limit importation of coal in July, 2017, which turned certain foreign trade demand to domestic market; and (iii) the PRC's boosting macro economy in 2017, the PRC's power generation increased by 5.7% year-on-year. In particular, the PRC's coal-fire power generation amounted to 441.7 billion kWh, representing an increase of 3.6%. In 2017, the total power consumption of the PRC amounted to 6.31 trillion kWh, representing a year-on-year increase of 6.6%, which in turn shaped the demand for thermal coal transportation and the demand for the Group's coal business has shown a growth trend.

During the Year, the Group achieved a total metal ores throughput of 119.06 million tonnes, representing an increase of 6.32 million tonnes or 5.61% from 112.74 million tonnes for 2016. Such increase was mainly due to the fact that the steel enterprise in the hinterland of the Group recorded good profitability and maintained stable growth in import volume of metal ore, and the Group solicited the cargoes extensively and further strengthened the ability of cargo collection and transportation to provide quality comprehensive logistics services to the steel enterprises in the hinterland.

(ii) Oil and liquefied chemicals handling services

The Group recorded a total oil and liquefied chemicals throughput of 3.15 million tonnes during the Year, representing a decrease of 0.16 million tonnes or 4.83% from 3.31 million tonnes for 2016. The decrease was mainly due to the fact that the Group's cargoes source was affected by the decrease in production volume of offshore oil in Jinzhou area of Bohai Bay.

(iii) Container service

During the Year, the Group recorded a total container throughput of 1,212,916 TEU, equivalent to a throughput of 15.93 million tonnes, representing increases in the number of containers handled and throughput of 96,269 TEU and 2.68 million tonnes, respectively, (i.e. approximately 8.6% and 20.23%, respectively) as compared with the number of containers handled and throughput of 1,116,647 TEU and 13.25 million tonnes for 2016, respectively. The increase was mainly because the Group cooperated with railway and shipping companies in market development to further expand the cargoes sources of "dry bulk & general cargoes to containers" with focus on long range cargo sources such as coal lump and sodium hydroxide, and actively expanded the sea-rail intermodal transportation project, which facilitated the continuous growth in container throughput.

(iv) General cargoes handling services

During the Year, the Group recorded a total throughput of general and other cargoes of 9.09 million tonnes, representing an increase of 2.67 million tonnes or 41.59% from 6.42 million tonnes for 2016. The increase was mainly because the Group endeavored to explore new cargo sources based on the demand from upstream and downstream markets and the customers, actively improved the production techniques and further enhanced the production efficiency, so as to maintain the existing market shares while achieving continuous growth in cargoes throughput.

(v) Ancillary port services and value-added services

We also provide a variety of ancillary port services and value-added services. Our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services during the Year. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. During the Year, the revenue of the Group from ancillary port services and value-added services amounted to RMB263,689 thousand, representing a year-on-year increase of 16.56% as compared to the revenue from ancillary port services and value-added services of RMB226,229 thousand in 2016.

(5) Administrative Expenses and Selling Expenses

During the Year, our total administrative expenses and selling expenses amounted to RMB949,528 thousand, representing an increase of RMB149,698 thousand or 18.72% from RMB799,830 thousand for 2016. The increase was mainly attributable to the increased staff performance bonus affected by the improvement in the results of operation, as well as the increase in the operating cost caused by our subsidiaries, Cangzhou Mineral Port and Caofeidian Coal Port, which have been put into operation successively.

(6) Financial Expense

During the Year, our financial expense amounted to RMB356,735 thousand, representing an increase of RMB98,167 thousand or 37.97% from RMB258,568 thousand for 2016. The increase was mainly attributable to the combined effect of the increase in interest expenses as a result of the successive transfer of Phase One of metal ore terminal project in Cangzhou and Phase Two of coal terminal project in Caofeidian to fixed assets, the decrease in bank borrowings resulted from the disposal of subsidiaries, as well as the exchange gains and losses.

(7) Investment Income

During the Year, our investment income amounted to RMB118,805 thousand, representing a decrease of RMB1,944 thousand or 1.61% from RMB120,749 thousand for 2016. Such decrease was mainly attributable to the year-on-year decrease in the recognized investment income from associates and joint ventures.

(8) Gain on Disposal of Assets, Other Income and Net Non-operating Revenue and Expenses

During the Year, our gain on disposal of assets, other income and net non-operating revenue and expenses amounted to RMB38,253 thousand, representing a decrease of RMB98,383 thousand or 72.00% from RMB136,636 thousand for 2016. Such decrease was mainly attributable to the fact that the container subsidy of our subsidiary, Cangzhou Bohai Port, during the year decreased, and no provision was made in respect of the such anticipated liabilities for the pending litigation.

(9) Income Tax Expense

Income tax expense of the Group increased by RMB214,851 thousand to RMB328,567 thousand for the Year from RMB113,716 thousand for 2016, the effective income tax rate of the Group increased to 26.72% for the Year from 23.43% for 2016 which was mainly due to the fact that the parent exceeded the enterprise annuity drawn before income tax and the effect of the provision for the unused special reserves

(10) Net Profit

Net profit of the Group for the Year amounted to RMB901,214 thousand, representing an increase of RMB529,649 thousand or 142.55% from RMB371,565 thousand for 2016. Our net profit attributable to owners of the parent for the Year amounted to RMB962,971 thousand, representing an increase of RMB597,942 thousand or 163.81% from RMB365,029 thousand for 2016.

During the Year, net profit margin of the Group was 12.81%, representing an increase of 5.24 percentage points from 7.57% for 2016.

(11) Earning Per Share

Earnings per Share are calculated by dividing the net profit attributable to owners of the parent for the Year by the weighted average number of ordinary Shares in issue during the Year. Earnings per Share of the Group for the Year amounted to RMB0.18, representing an increase of 157.14% from RMB0.07 for 2016. Please refer to Note V-50 to the financial statements in this annual report for the calculation of earnings per Share.

(12) Capital Structure, Cash Flows and Financial Resources

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

During the Year, net cash flows generated from operating activities amounted to RMB2,888,395 thousand, representing an increase of RMB1,399,526 thousand or 94.00% as compared with the net cash inflows in 2016 (RMB1,488,869 thousand). Such increase was mainly resulted from the significant increase in revenue during the Year.

During the Year, net cash flows generated from investing activities amounted to RMB-1,671,685 thousand, representing a decrease of RMB1,585,897 thousand or 1,848.62% as compared with RMB-85,788 thousand in 2016. Such decrease was mainly attributable to the increase in the payment of the projects during the Year and additional investment on joint and associate ventures.

During the Year, net cash flows from financing activities amounted to RMB-1,351,607 thousand, representing an increase of RMB293,820 thousand or 17.86% as compared with RMB-1,645,427 thousand in 2016. Such increase was mainly attributable to the net increase in borrowings during the Year and the year-on-year decrease in distributable dividends, as well as the completion of the A Shares listing by the Company.

Due to the above reasons, as at 31 December 2017, the Group held a balance of cash and cash equivalents of approximately RMB999,147 thousand, representing a decrease of RMB150,659 thousand or 13.10% from RMB1,149,806 thousand as at 31 December 2016.

As at 31 December 2017, the gearing ratio (total liabilities divided by total assets) of the Group was 43.47%, decreased by 8.35% as compared with the gearing ratio of 51.82% as at 31 December 2016. Such decrease was mainly due to the increase in the payment of loans and the completion of the A Shares listing by the Company.

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Net cash flow generated from operating activities	**2,888,395**	1,488,869
Net cash flow generated from investing activities	**-1,671,685**	-85,788
Net cash flow generated from financing activities	**-1,351,607**	-1,645,427
Net increase in cash and cash equivalents	**-150,659**	-226,651
Cash and cash equivalents at the beginning of year	**1,149,806**	1,376,457
Cash and cash equivalents at the end of year	**999,147**	1,149,806

(13) Exchange Rate Risks

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

(14) Bank Loans and Other Borrowings

As at 31 December 2017, the details of the Group's bank loans and other borrowings are set out in Notes V-18 and V-27 to the financial statements in this report.

(15) Pledge of Assets and Contingent Liabilities

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

(16) Capital Commitment

Details of the Group's capital commitment during the year are set out in Note XI to the financial statements of this report.

(17) Management of Working Capital

	31 December 2017	31 December 2016
Current ratio	**0.70**	0.56
Quick ration	**0.59**	0.47
Turnover days of trade receivables	**6.05**	12.20
Turnover days of trade payables	**12.94**	10.40

As at 31 December 2017, the Group's current ratio and quick ratio were 0.70 and 0.59, respectively, representing an increase as compared with the current ratio of 0.56 and quick ratio of 0.47 on 31 December 2016. The turnover days of trade receivables for this year was 6.05 days and the turnover days of trade payables was 12.94 days, representing a decrease of 6.15 days as compared with 12.20 days in 2016 and an increase of 2.54 days as compared with 10.40 days in 2016, respectively.

(18) Overview of Major Investment, Acquisition and Disposal

During the Year, Cangzhou Bohai (a 96.08% owned subsidiary of the Company and as the Transferor) entered into the Equity Transfer Agreement with Bohai Jin-Ji Port Investment and Development Company Limited (as the Transferee), pursuant to which Cangzhou Bohai has agreed to transfer and Bohai Jinji has agreed to acquire 90% equity interest in Cangzhou Bohai Jinji Container Terminal Co., Ltd. at a consideration of RMB519,345,419 (subject to the adjustment of the last consideration). Cangzhou Bohai Port held as to 100% in the interest of Cangzhou Bohai Jinji Container Terminal Co., Ltd. before the completion of equity transfer. Immediately after the Equity Transfer Completion Date, Cangzhou Bohai Jinji Container Terminal Co., Ltd. ceased to be a subsidiary of the Company. (Since August 2017, the company name of Cangzhou Bohai Jinji Container Terminal Co., Ltd. has been changed to Jinji International Container Terminal Co., Ltd.)

Save as disclosed above, the Company did not have any other major investment, acquisition and disposal during the Year.

(III) Major Risk Factors

The Group's business is subject to certain risks, which is broadly divided into (i) risks relating to the Group's business and our industry, which mainly include the decrease in domestic coal consumption, substitution of domestic coal by imported coal and competition from nearby ports and other port operators; and (ii) risks relating to business operation in the PRC, which mainly include the material and adverse effect on the Group's business from the changes in the economic, political or social conditions in the PRC and policies adopted by the PRC government. In 2017, the Group assessed and controlled the risks within a reasonable range in order to ensure the achievement of the Company's development target.

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

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

(IV) Environmental Policies and Performance

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

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

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

In 2017, the sulphur dioxide emission of the Group decreased by 10.33 tonnes, representing a year-on-year decrease of 66.26% and the nitrogen oxide emission decreased by 2.004 tonnes, representing a year-on-year decrease of 66.26%, which reflected that progress had been achieved in reduction of pollutant emission

Further details of this section are set out in the environmental, social and governance report for 2017 issued by the Company in accordance with the requirements of Appendix 27 of the Listing Rules.

(V) Compliance with Laws and Regulations

The Company recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Company has been allocating system and staff resources to ensure continuing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the year ended 31 December 2017, to the best knowledge of the Directors, the Company has complied with the Company Law of the PRC, the Securities Law of the PRC, the Special Provisions of the State Council of the PRC for Share Offerings and Offshore Public Listing of Companies Limited by Share (《中華人民共和國國務院〈關於股份有限公司境外募集股份及上市的特別規定〉》), the Port Law of the PRC (《中華人民共和國港口法》), the Securities and Futures Ordinance, the Listing Rules and other relevant rules and regulations.

(VI) Relationships with Employees, Customers and Suppliers

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

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

(VII) Prospects

"In the "13th Five-Year Plan" period, the Group will capture the development opportunities from the cooperative development of the Beijing-Tianjin-Hebei Region, the "Belt and Road" initiatives and the development of the Xiong'an New Area, leverage on the geographical advantage and experience in mature and efficient port operation and management, and adhere to the overall development concept of "Stronger and better, transformation and upgrading, improving quality and efficiency, driven by innovation and achieving win-win in harmony", in order to let the Group become a port industrial cluster operator of sound governance system, strong competitive advantage and leading economic benefit, combining with the roles of port operator, integrated logistics service provider and capital operator.

The business prospects of the Group in 2018 are as follows:

Coal business:

Firstly, the PRC's macro economy will continue to grow and the demand for thermal coal will maintain an upward trend.

Secondly, in order to retain the benefits of coal capacity cut, the PRC will continue to implement relevant policy to limit importation of coal, which will turn certain foreign trade demand to domestic market. As such, the favorable condition in demand for domestic coal will continue.

Thirdly, the coal transportation volume of Daqin Railway is expected to maintain steadily in 2018, which will continue to provide powerful support in cargo sources to the Company, the main hub port of Daqin Railway.

Lastly, the coal transportation volume of Mengji Railway is expected to increase significantly in 2018, which will benefit Caofeidian Coal Port, a subsidiary of the Group, in the growth of throughput.

In view of the above, it is expected that the coal throughput of the Group will maintain stably.

Metal ores business:

With the supply side structural reform and the recovery of global economy, the PRC's economy will maintain a steady trend with favorable momentum. In particular, with the continuous implementation of supply side structural reform in steel industry, the imbalance between supply and demand of steel was alleviated and the profitability of steel enterprises was significantly improved through overcapacity cut. Port operation showed new characteristics where traders became the major importers of foreign ores and the steel enterprises mainly procured spot goods at the ports, which led to high level of inventory at the ports. As such, the import volume of metal ore will maintain a stable trend. As the major hub port for unloading the imported ores in Northern China, the Group will continue to solicit the cargoes extensively and further strengthen the ability of cargo collection and transportation to provide quality comprehensive logistics services to the steel enterprises in the hinterland.

Oil business:

The Group will strive to expand the refined oil business. However, as the cargo sources is affected by the decrease in production of offshore oil in Jinzhou area of Bohai Bay and the shutdown of asphalt plants, the throughput is expected to decrease slightly.

Container business:

The Group will cooperate with railway and shipping companies in market development to further expand the cargoes sources of "dry bulk & general cargoes to containers" with focus on long range cargo sources such as coal lump and sodium hydroxide, and active expand the sea-rail intermodal transportation projects, thereby maintaining the continuous growth in container throughput.

General cargoes business:

General cargoes business of the Group will continue to operate in a stable manner. The Company will provide "one-on-one" services to the customers based on the demand from upstream and downstream markets and the customers as well as the cargo sources condition in order to maintain the existing market shares while achieving growth.

(VIII) Major Events During the Reporting Period

On 16 August 2017, the Company first listed and issued 558,000,000 ordinary shares (A shares) on the Shanghai Stock Exchange at an issue price of RMB2.34 per share. The original domestic shares were converted into A shares at the same time. The total amount of funds raised in this offering was RMB1,305.72 million. After deducting the issuance expenses of RMB65.1171 million, the net proceeds raised amounted to RMB1,240.6029 million. After the issuance, the total number of shares of the company was 5,587,412,000 shares, of which A shares were 4,757,559,000 and H shares were 829,853,000.

The Board is pleased to present the corporate governance report of the Company during the period from 1 January 2017 to 31 December 2017.

Corporate Governance

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

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

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

Board

Duties and Division Responsibility

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

Chairman of the Board and Chief Executive Officer

The Board is responsible for decision making on important matters of the Company and the management is authorized to manage the daily operation of the Company. The Company has the position of President. During the Year, Mr. Cao Ziyu and Mr. Yang Wensheng are the chairman of the Board and President of the Company, respectively. The chairman of the Board and the President of the Company have clear division of duties. The chairman of the Board shall oversee the work of the Board and monitor the implementation of the resolutions adopted by the Board and the President shall coordinate the operation of the business of the Company under the supervision of the Board. Therefore, the Company has complied with Code A.2.1 of the Corporate Governance Code. Save as disclosed in the section "Biographical Details of Directors, Supervisors and Senior Management" in this annual report, there is no financial, business, family or other important relationship between the Directors, the chairman of the Board and the Chief Executive Officer.

Composition of the Board

As of 31 December 2017, the Board comprised ten Directors, including four executive Directors, Mr. Cao Ziyu (Chairman), Mr. Yang Wensheng (President), Mr. Wang Lubiao and Mr. Ma Xiping, two non-executive Directors, Mr. Mr. Li Jianping and Mr. Mi Xianwei, and four independent non-executive Directors, Mr. Li Man Choi, Mr. Zhao Zhen, Ms. Zang Xiuqing, Mr. Hou Shujun. The particulars of the Directors are set out in the section "Biographical Details of Directors, Supervisors and Senior Management" in this report.

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

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

Positions in Other Companies Held by Directors

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

Time Commitment of Directors

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

Training and Professional Development of Directors

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

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

Meetings of the Board

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

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

During the Year, Directors convened seven regular meetings on 15 March 2017, 28 April 2017, 17 May 2017, 30 June 2017, 21 July 2017, 14 August 2017 and 27 October 2017, respectively, at which resolutions regarding the 2016 annual results and the 2017 interim results were considered.

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

Name	Number of meetings attended/ Number of meetings held during Directors' term of office	Number of meetings attended by entrusting other Directors	Attendance rate
Executive Directors			
– Cao Ziyu *(Chairman)*	**6/7**	**1**	**100%**
– Yang Wensheng (appointed as an Executive Director of the Company on 16 June 2017)	**4/4**	**0**	**100%**
– Tian Yunshan (resigned as an Executive Director of the Company on 28 February 2017)	**–**	**–**	**–**
– Wang Lubiao	**7/7**	**0**	**100%**
– Ma Xiping	**7/7**	**0**	**100%**
Non-executive Directors			
– Li Jianping	**7/7**	**0**	**100%**
– Mi Xianwei	**5/7**	**2**	**100%**
Independent Non-executive Directors			
– Li Man Choi	**7/7**	**0**	**100%**
– Zhao Zhen	**7/7**	**0**	**100%**
– Zang Xiuqing	**7/7**	**0**	**100%**
– Hou Shujun	**6/7**	**1**	**100%**

During the Year, the Company held 4 general meetings. The attendance record of Directors at the general meetings during the Year is as follows:

Name	Number of meetings attended/Number of meetings held during Directors' term of office	Attendance rate
Executive Directors		
– Cao Ziyu *(Chairman)*	**4/4**	**100%**
– Yang Wensheng (appointed as an Executive Director of the Company on 16 June 2017)	**3/3**	**100%**
– Tian Yunshan (resigned as an Executive Director of the Company on 28 February 2017)	**–**	**–**
– Wang Lubiao	**3/4**	**75%**
– Ma Xiping	**4/4**	**100%**
Non-executive Directors		
– Li Jianping	**4/4**	**100%**
– Mi Xianwei	**0/4**	**0%**
Independent Non-executive Directors		
– Li Man Choi	**4/4**	**100%**
– Zhao Zhen	**4/4**	**100%**
– Zang Xiuqing	**4/4**	**100%**
– Hou Shujun	**4/4**	**100%**

Board Committees

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

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

	Number of meetings attended/Number of meetings held during Directors' term of office			
Name	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee
Executive Directors				
– Cao Ziyu *(Chairman)*	–	–	–	–
– Yang Wensheng (appointed as an Executive Director of the Company on 16 June 2017)	–	–	–	–
– Tian Yunshan (resigned as an Executive Director of the Company on 28 February 2017)	–	–	–	–
– Wang Lubiao	–	–	–	–
– Ma Xiping	–	–	–	–
Non-executive Directors				
– Li Jianping	–	–	1/1	–
– Mi Xianwei	3/5	–	–	–
Independent Non-executive Directors				
– Li Man Choi	5/5	–	–	–
– Zhao Zhen	–	–	1/1	–
– Zang Xiuqing	5/5	1/1	1/1	–
– Hou Shujun	–	1/1	–	–

Audit Committee

The major responsibilities of the Audit Committee are (1) to propose the appointment, re-appointment or termination of external auditing firm; (2) to review and supervise the independence and objectiveness of the external auditing firm and the effectiveness of the audit process in accordance with applicable standards; (3) to instruct internal audit, review the financial information of the Company and its disclosure and express opinion in this regard; (4) to supervise the financial reporting system of the Company, evaluate the internal control systems and its effectiveness; and (5) to coordinate the communication between the management, internal audit department as well as related departments and external auditing firm. The terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange.

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

During the Year, the Audit Committee convened meetings on 14 March 2017 and 14 August 2016 to review the financial results of the Group for year ended 31 December 2016 and for the six months ended 30 June 2017 before the same were submitted to the Board.

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

Remuneration and Appraisal Committee

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

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

During the Year, the Remuneration and Appraisal Committee convened one meeting on 14 March 2017 to discuss on the remuneration of the Directors and senior management.

In accordance with paragraph B.1.5 of the Corporate Governance Code, the remunerations of the senior management by remuneration band for the year ended 31 December 2017 are set out below:

No. (notes)	Remuneration band (RMB)	Numbers of persons
1	0 – 500,000	11
2	500,001 – 1,000,000	7
3	1,000,001 – 1,500,000	0

Notes:

No.1 includes 8 Directors and 3 Supervisors and 0 member of the senior management;
No.2 includes 3 Directors, 2 Supervisor and 2 members of the senior management; and
No.3 includes 0 Director, 0 Supervisor and 0 member of the senior management.

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

Nomination Committee

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

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

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

During the Year, the Nomination Committee held one meeting on 14 March 2017 to finish the work above.

Strategy Committee

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

The Strategy Committee comprises five Directors, the members of the Strategy Committee included two executive Directors, one non-executive Director and two independent non-executive Directors, namely Mr. Cao Ziyu, chairman of the Board, Mr. Yang Wensheng, President, Mr. Mi Xianwei, Mr. Zhao Zhen and Mr. Hou Shujun. Mr. Cao Ziyu, chairman of the Board, acts as chairman of the committee.

Diversification of the Board

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

Name	Age	Education	Industry Experience	Location	Duration of service(since)
Executive Directors					
– Cao Ziyu *(Chairman)*	52	University graduate	Management	Hebei, China	October 2016
– Yang Wensheng (appointed as an Executive Director of the Company on 16 June 2017)	49	University graduate	Port Operation	Hebei, China	June 2017
– Tian Yunshan (resigned as an Executive Director of the Company on 28 February 2017)	55	University graduate	Port Operation	Hebei, China	January 2015
– Wang Lubiao	55	Master	Port Operation	Hebei, China	June 2015
– Ma Xiping	50	Master	Port Operation	Hebei, China	June 2015
Non-executive Directors					
– Li Jianping	56	Master	Port Investment	Hebei, China	June 2015
– Mi Xianwei	53	Master	Construction Investment	Hebei, China	June 2015
Independent Non-executive Directors					
– Li Man Choi	57	Master	Accounting, Audit	Hong Kong	June 2015
– Zhao Zhen	52	Master	Law	Beijing, China	June 2015
– Zang Xiuqing	55	Master	Education	Hebei, China	June 2015
– Hou Shujun	55	Master	Education	Tianjin, China	June 2015

Director

Appointment and Re-election of Directors

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

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

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

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

Nomination of Directors

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

Independence of Independent Non-executive Directors

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

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

Securities Transaction by Directors and Supervisors

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

Directors' Responsibilities on Financial Statements

The Directors have the responsibility to prepare the financial statements for the year ended 31 December 2017 to give a true and fair view of the affairs of the Company and the Group and the results and cash flow of the Group.

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

Shareholders and General Meetings

Particulars of the Controlling Shareholder and the Ultimate Controlling Shareholder

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

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

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

General Meetings

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

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

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

Control System

Supervisory Committee

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

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

As of 31 December 2017, the Supervisory Committee comprises of five members, including three Supervisors elected by the Shareholders (Mr. Nie Yuzhong (resigned on 12 February 2018), Mr. Bo Zhouqing and Mr. Liu Simang) and two Supervisors elected by employees (Mr. Cao Dong and Ms. Chen Linyan). Mr. Nie Yuzhong acts as chairman of the Supervisory Committee (resigned on 12 February 2018). Supervisors who are representatives of the Shareholders shall be elected and removed by Shareholders' general meeting. Supervisors who are representatives of employees shall be elected and removed by employee conference, employee general meeting or other democratic procedures. Each Supervisor shall have a term of three years from the date of approval by Shareholders' general meeting or employee conference subject to termination upon expiry of the session of the Supervisory Committee. Supervisors are eligible for re-election.

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

During the Year, the Supervisory Committee convened regular meetings on 18 January 2017, 4 May 2017 and 27 October 2017, respectively, at which proposals including the 2016 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. was reviewed. The work of the Supervisory Committee is set out in the "Report of Supervisory Committee" in this annual report.

Internal Control and Risk Management

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

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

- clear division of the authorities of the general meeting of the Shareholders, the Board, the chairman of the Board and the general manager to avoid the centralization of authority;
- stringent authority delegation, division and supervision system to ensure the security and proper use of funds;
- collective decision is required for major investment and the proposal, evaluation, decision and implementation procedures are under strict control to minimize investment risks;
- invitation of non-state-owned entities to participate in major projects or services of the Group is under strict control and the Directors and senior management are prohibited to have any paid positions outside the Group;
- to promote the transparency of the management and operation through the implementation of "Three Major One Important" policy so as to prevent the Directors and senior management from fraud and bribe;

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

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

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

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

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

Auditors and Their Remunerations

Ernst & Young Hua Ming LLP was appointed by the Company as the auditors of the Company for 2017. The appointments shall expire upon conclusion of the annual general meeting. The Board is authorized to determine the remuneration of the auditors which is in line with market practice.

For the year ended 31 December 2017, the fees to external auditors for interim review and annual audit services (annual audit services for subsidiaries included) were RMB4,198,113.21.

Save as disclosed above, during the Year, the Group did not pay any fee to Ernst & Young Hua Ming LLP for non-audit services. The Audit Committee is satisfied that the independence of the auditors is not affected by the non-audit services provided in 2017.

Company Secretary

Mr. Zhang Nan ("**Mr. Zhang**") became the company secretary of the Company since 12 December 2016.

Mr. Zhang joined the Company in 2002 and has more than 15 years legal and securities management related experience. He is familiar with the operation of the Board and the Company and is currently the head of Securities Department of the Company.

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

Mr. Zhang has confirmed that he has received not less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules during the Year.

Shareholders' Rights and Investor Relationship

Convening of Extraordinary General Meeting

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

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

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

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

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

Enquiry to the Board

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

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

Procedures for Proposal at the General Meeting

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

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

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

Amendment of Constitutional Documents

During the Year, the Company amended the Articles of Association in September and December 2017. For details of the amendments, please refer to the relevant announcements on the websites of the Stock Exchange and the Company.

Communication with Investors and Investor Relationship

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

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

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

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

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

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

Directors

(1) Executive Directors

Mr. CAO Ziyu (**曹子玉**), born in September 1966, holds a bachelor's degree. Mr. CAO is the chairman, an executive director and the party committee secretary of the Company. He concurrently acts as the chairman, party committee secretary and director of HPG. Mr. Cao started working in July 1986 and joined the Communist Party of China in April 1991. He has served as the deputy director of the office of the management committee of Qinhuangdao Economic & Technological Development Zone, and director of policy research office of the management committee of Qinhuangdao Economic & Technological Development Zone. In June 1998, Mr. Cao served as the deputy secretary-general of municipal party committee of Qinhuangdao and concurrently acted as the deputy secretary-general of party committee of Ngari Prefecture, Tibet from July 1998 to June 2001. From February 2002 to October 2002 and from October 2002 to March 2003, he served as the deputy director of the propaganda department and head of the lecturer team of the municipal party committee of Qinhuangdao, respectively. In March 2003, Mr. Cao acted as the deputy secretary of party committee and district mayor of Beidaihe District of Qinhuangdao and concurrently served as the director of the management committee of Beidaihe Economic & Technological Development Zone. In December 2014, Mr. Cao served as the deputy secretary of party committee and district mayor of Beidaihe District of Qinhuangdao and the secretary of party committee of Beidaihe District of Qinhuangdao from January 2006 to May 2008. In May 2018, he served as member of the standing committee of municipal party committee of Qinhuangdao and the secretary of party committee of Beidaihe District. In December 2012, Mr. Cao served as member of the standing committee of municipal party committee and secretary of the politics and law committee of Qinhuangdao. In January 2014, he served as member of the standing committee of municipal party committee and executive vice mayor of Handan. In July 2016, he served as the party committee secretary of HPG. In August 2016, he served as the chairman of HPG and party committee secretary of the Company. In October 2016, Mr. Cao has served as the chairman and executive director of the Company.

Mr. YANG Wensheng (**楊文勝**), born in April 1969, holds a bachelor's degree and is a senior economist. He is currently the president, an executive director, a member of Remuneration and Appraisal Committee, Strategy Committee and the deputy party secretary of the Company. Mr. Yang started working in July 1991 and joined the Communist Party of China in September 1999. He served as clerk of the dispatch office, assistant officer of the dispatch office, deputy section chief of the production section and section chief of the production section of the Railway Transport Company of the Qinhuangdao Port Authority* (秦皇島港務局鐵運公司), the deputy manager of Rail Transportation Branch of Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司) in April 2003, the deputy manager of the production department of Qinhuangdao Port Group Co., Ltd.* in July 2004, the general manager of Qinren Sea Transportation Co., Ltd.* (秦仁海運有限公司) in July 2005, the manager of the Second Port Branch of the Company* in July 2011, the director of the production department of the Company in September 2012, the deputy general manager and member of the party committee of the Company in August 2014, the deputy general manager and member of the party committee of the Company in January 2015, and the general manager and member of the party committee of the Company in March 2017. In June 2017, Mr. Yang has served as the executive director, member of Remuneration and Appraisal Committee and Strategy Committee. He has served as the president of the Company in December 2017.

Mr. WANG Lubiao (**王錄彪**), born in January 1963, holds a bachelor's degree and a master's degree, and is a senior engineer. He is currently an executive director, deputy party secretary of the Company and employee representative supervisors of HPG. Mr. Wang has started working in August 1983 and joined the Communist Party of China in December 1999. He has served as the technician and enterprise manager, deputy chief and chief of the engineering and business department, chief of Finance Department. From April 1995 to March 2000, Mr. Wang has served as deputy manager and manager of Communications Co. of the Qinhuangdao Port Authority (秦皇島港務局通信公司) as well as the manager of the Sixth Port Branch of QPG in April 2003. He also was the manager of the Sixth Port Branch in June 2008. He has served as deputy general manager and member of the Party Committee of the Company in December 2009. From April 2012, he acted as the executive Director of the Company. In August 2014, Mr. Wang has served as deputy party secretary and secretary of discipline committee of the Company. In March 2015, he has served as the employee representative supervisors of HPG.

Mr. MA Xiping (**馬喜平**), born in June 1968, holds a bachelor's degree and a master's degree, and a senior economist. He is currently an executive director, the vice president, a member of the Party Committee and the secretary to the Board of the Company. Mr. Ma has started working in July 1990 and joined the Communist Party of China in April 1989. He has served as a cadre in the Enterprise Management Office and deputy chief of the Legal Section. In December 1997, He acted as a deputy chief of the Enterprise Management Division and deputy chief of the Enterprise Development Division of the Qinhuangdao Port Authority in May 1999. In August 2002, he has worked as the officer in charge of the Port Management Division. In December 2002, he has served as the director of Port Management Division of Hebei Port and Shipping Administration Bureau. Mr. Ma has served as s deputy director of the General Office and deputy director of the Party Committee's Office of QPG. He has served as the secretary to the Board, director of the board office, general office and office of the Party Committee of the Company in March 2008. In April 2012, He worked as deputy general manager, member of the Party Committee of the Company. In July 2013, He has served as an executive Director and has served as the vice president of the Company since December 2017.

(2) Non-executive Directors

Mr. LI Jianping (**李建平**), born in February 1962, holds a master's degree and is a senior engineer. He is currently a non-executive director and the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). Mr. Li has served as the teacher of Automatic Control Engineering in Northeast Heavy Machinery College (東北重型機械學院), Qinhuangdao Acrylic Fibre Plant (秦皇島腈綸廠) and served as electric workshops assistant and vice officer, deputy head of equipment and power division, deputy chief engineer of electric professionals and officer of engineer room of production department. In June 1997 and August 2003, he has worked as the deputy factory director and factory director of Qinhuangdao Acrylic Fibre Plant, respectively. He has been the e chairman, general manager and deputy party secretary of 秦皇島奧萊特腈綸有限公司since Mary 2005. He has been the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited since March 2014, and the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) since January 2015. Mr. Li has been serving as a non-executive Director of the Company since June 2014.

Mr. MI Xianwei (**米獻煒**), born in November 1965, holds a PhD degree, a non-executive Director of the Company and a director and the general manager of Hebei Jiantou Traffic Investment Co., Ltd. Mr. Mi has started working in July 1989 and served as teaching assistant at Shijiazhuang Army College from July 1989 to September 2004. During the period from September 1999 to July 2002, he completed his Ph.D. degree in the Institute of Economics of Nankai University, Tianjin. From August 2004 to June 2008, he was a staff of the financial management department of Hebei Construction Investment Corporation, the deputy manager of the financial management department and deputy manager of the corporate management department. He has served as the deputy general manager of HECIC Water Investment Co., Ltd. since June 2008 and the general manager of the investment and development department of Hebei Jiantou Traffic Investment Co., Ltd. since March 2013. He has served as the general manager of HECIC Microcredit Co., Ltd. (河北建投小額貸款股份有限公司)since October 2013 and he has been the a director and the general manager of Hebei Jiantou Traffic Investment Co., Ltd. since April 2015, and has been serving as a non-executive director of the Company since June 2015.

(3) Independent Non-executive Directors

Mr. LI Man Choi (**李文才**), born in July 1961, holds a master's degree, British nationality and holds the right of abode in Hong Kong. He is currently an independent non-executive director of the Company, fellow of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, Hong Kong Certified Public Accountant and member of the Institute of Chartered Accountants in England. Mr. Li has started working in 1986. he has served as an assistant auditor and auditor in KPMG Hong Kong (KPMG), a pre-senior auditor, senior auditor and manager in Deloitte Touche Tohmatsu (Deloitte Hong Kong), e financial controller in the Finance & Administration Division of the Urban Renewal Authority (formerly known as Land Development Corporation) of Hong Kong and general manager of SAMSAM PRINTING GROUP, senior manager of Deloitte Touche Tohmatsu (Deloitte Hong Kong) and audit director of Deloitte Touche Tohmatsu Certified Public Accountants Ltd. in China since September 2003. In June 2005, he has been an audit partner of Deloitte Touche Tohmatsu Certified Public Accountants Ltd. in China and audit partner of Deloitte Touche Tohmatsu in Hong Kong (Deloitte Hong Kong) since November 2005. From June 2013 to September 2016, he has been a partner of ZHONGLEI (HK) CPA Company Limited and a technical director of Pan-China Certified Public Accountants LLP, Chongqing Branch (天健會計師事務所(特殊普通合夥)重慶分所) from June 2013 to December 2015. In addition, Mr. Li has been a director of Pan-China (H.K.) Company Limited from August 2013 to October 2015. He has been a Cheng Feng Certified Public Accountants Co., Ltd from November 2015 to September 2016. He is currently a director of f Beijing Digital Telecom Co., Ltd. and a partner of Shinewing Certified Public Accountants LLP. He has been serving as an independent non-executive Director since July 2013.

Mr. ZHAO Zhen (**趙振**), born in April 1966, holds a master's degree, a Chinese lawyer, is currently an independent non-executive Director and a senior partner of Beijing Far East Law Firm (北京市遠東律師事務所). He also serves as the vice president, chairman of the Legal Working Committee, vice chairman of the Investment and Financing Research Committee and executive director of the Beijing Enterprise Investment Association. Mr Zhao served as the deputy section chief of Supervision Bureau under the Ministry of Transport and an assistant to lawyer of China Lawyer Service Center (中國律師事務中心). He has been a lawyer and a senior partner in Beijing Far East Law Firm since 1996. Mr. Zhao has served as an independent director of Huabei Expressway Co., Ltd. (華北高速股份有限公司) from 2002 to 2008, and an independent director of Guangxi Wuzhou Communications Co., Ltd. (廣西五洲交通股份有限公司) (a company listed on the Shanghai Stock Exchange; stock code: 600368) from 2009 to 2013. Subsequently, he was appointed as an independent director of Shandong Aofu Environmental Protection Technology Co., Ltd. (山東奧福環保科技股份有限公司) in April 2015 and was appointed as an independent director of Guangxi Wuzhou Communications Co., Ltd. (廣西五洲交通股份有限公司). In October 2017, he has been an independent director of f Inner Mongolia Linkage Potato Co., Ltd. (內蒙古淩志馬鈴薯科技股份有限公司). Mr. Zhao has been serving as an independent non-executive director of the Company since June 2014.

Ms. ZANG Xiuqing (**臧秀清**) born in December 1963, holds a PhD degree and is currently a professor of Yanshan University, and the financial supervisor of Qinhuangdao Rongxuan Machinery Manufacturing Co., Ltd. Ms. Zang has been a teacher at Yanshan University since 1984, serving as a trainee assistant teacher, an assistant teacher, a lecturer, an associate professor and a professor. During the period from October 2004 to March 2005, Ms. Zang studied at Brunel University in the UK as a visiting scholar. During the period from March 2005 to March 2007, Ms. Zang served as an external director of Qinhuangdao Lihua Starch Co., Ltd. (秦皇島驪驊澱粉股份有限公司); during the period from September 2006 to September 2009, Ms. Zang served as a director of the third Fiscal Society of Qinhuangdao (秦皇島市第三屆財政學會理事); and since January 2007 till now, Ms. Zang served as the financial supervisor of Qinhuangdao Rongxuan Machinery Manufacturing Co., Ltd.; and from October 2007 to October 2010, she served as an external director of Qinhuangdao Jihua 3544 Shoe Co., Ltd. (秦皇島際華3544鞋業有限公司). Ms. Zang has been serving as an independent non-executive director since June 2015.

Mr. HOU Shujun (**侯書軍**), born in July 1963, holds a PhD degree and is currently the director of the Institute of Vibration Engineering (振動工程研究所) of Hebei University of Technology, and a professor and a doctoral tutor of the School of Mechanical Engineering. Mr. Hou has started working in July 1987. In July 1987, Mr. Hou had been a teacher of mechanical faculty in Hebei University of Technology. In November 1990, he worked as an engineer and the director of research office in the Shijiazhuang Mining Machinery Laboratory of the Ministry of Electrical and Electronics Industry (機電部石家莊礦山機械研究室); from April 1994 to July 2007, Mr. Hou was a teacher at Hebei University of Science and Technology, serving as a lecturer, an associate professor, and a professor. During the period from January 2002 to January 2003, Mr. Hou studied at the Swansea University and the University of Leeds in the UK as a visiting scholar. In November 2003, Mr. Hou acted as the director of e Institute of Vibration Engineering of Hebei University of Science and Technology and also acted as a professor in the College of Mechanical Engineering of Hebei University of Technology since July 2007. Mr. Hou has been serving as the director of the Institute of Vibration Engineering of Hebei University of Technology since November 2017 and a doctoral tutor since May 2013. Mr. Hou has been serving as an independent non-executive director since June 2015.

Supervisors

(1) Supervisors

Mr. BU Zhouqing (**卜周慶**), born in October 1969, holds a bachelor's degree and is a senior account. He is currently a supervisor of the Company. Mr. Bu has started working in July 1992 and joined the Communist Party of China in May 1999. He served as a company cadre of the Qinhuangdao Port Authority, a cadre of the Finance Department of the Qinhuangdao Port Authority, a deputy section chief and a section chief of the infrastructure section, and a chief of the accounting department of the QPG Finance Department. He served as the deputy director of the Finance Department of QPG since December 2008, the director of the Finance Department of Hebei Port Group Service Management Co., Ltd. (河北港口集團服務管理公司) since January 2010, the deputy director of the Finance Department of HPG and the director of the Finance Department of Hebei Port Group Service Management Co., Ltd. since May 2010. In July 2010, Mr. Bu served as the director of the Finance Department of the Company, and has served as the director of the Finance Department of HPG since June 2014. He has been a supervisor of the Company since June 2015.

Mr. LIU Simang (劉巳莽), born in August 1973, holds a master's degree in Business Administration and is an accountant. He is currently a supervisor of the Company. Since 1992, Mir. Liu has served as a sales manager of Qinhuangdao Yida Food Co., Limited (秦皇島益達食品有限公司), deputy general manager of Qinhuangdao Hairun Food Co., Limited (秦皇島市海潤食品有限公司), vice officer and officer of Asset Management Department and administration officer of Qinhuangdao Commerce and Trade State-owned Assets Investment and Operation Limited (秦皇島市商貿國有資產投資經營有限公司) In 2009, Mr. Liu, as a reserve cadre from public selection of sub-county in Qinhuangdao City, has been sent to Liutaizhuang Town, Changli County for a year of practice. He served as a vice officer and deputy general manager of preparatory group of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) from October 2010 to June 2012. He has been the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited since April 2014. He was appointed as a member of the party committee, director and deputy general manager of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) since November 2014. Mr. Liu was appointed as a supervisor of the Company in June 2014.

(2) Employee Representative Supervisors

Mr. CAO Dong (曹棟), born in June 1969, holds a bachelor's degree and a master's degree and is a senior accountant. He is currently an employee representative supervisor and director of audit section of the Company. Mr. Cao has started working July 1991 and joined the Communist Party of China in June 1991. He worked in the Qinhuangdao Port Authority as a cadre of the enterprise management section of the Railway Transport Branch, and then as cadre, deputy chief and chief of the financial audit section of audit division. Mr. Cao was appointed as deputy director of the Investment Center of QPG from April 2003 to December 2003. He was appointed as deputy director of the Investment Center of QPG since April 2003. He served as deputy manager of general affairs office of construction headquarters of Caofeidian in December 2003. He has served as deputy director of the audit department of the Company since April 2009. He was appointed as director of the audit department of the Company since March 2012. Mr. Cao has been serving as an employee representative supervisors since August 2010.

Ms. CHEN Linyan (陳林燕), born in December 1968, holds a bachelor's degree and is a senior economist. He is currently the vice chairwoman of the labor union of HPG and vice chairwoman of the labor union of the Company. Ms. Chen has started working in July 1991 and joined the Communist Party of China in June 1991. She has once served as the secretary of the planning and statistics section (計統科), the secretary, vice section chief and section chief of labor section (勞資科) of the Sixth Port Branch (第六港務分公司). She was appointed as the vice director of the Labor Department (勞資部) of QPG in April 2003. In March 2007, Mr. Chen served as the vice director of the Human Resources Department of the Company. In April 2008, she acted as the vice director of the Human Resources Department (Organization Department of the Party Committee) of the Company and the vice chairwoman of the labor union of HPG in January 2016. She has been serving as the vice chairwoman of the labor union of the Company since July 2016 and an employee representative of the Company since September 2016.

Senior Management

Mr. HE Zhenya (**何振亞**), born in July 1963, holds a bachelor's degree and is a senior engineer. He is currently the vice president and a member of the party committee of the Company. Mr. He has started working in August 1986. He served as a forging plant technician at the Electrical and Mechanical Repairing Plant of Kailung Coal Mining Bureau, technician and deputy leader of the unloading team of the Sixth Port Branch of Qinhuangdao Port Authority, deputy section chief and section chief of the material section. In March 2002, he served as the deputy manager of the Sixth Branch of the Qinhuangdao Port Authority and served as the deputy manager of the Sixth Port Branch of QPG since April 2003. He worked as the chief of the preparatory group for Phase Five coal terminal since July 2004 and manager of the Ninth Port Branch of the Company since June 2008. Since December 2009, he has been serving as the deputy general manager, member of the Party Committee of the Company. Mr. He has also been serving as the vice president of the Company since December 2017.

Mr. GUO Xikun (**郭西錕**), born in September 1965, holds a bachelor's degree and a master's degree, and is a senior accountant. He is currently the vice president, the chief financial officer and a member of the party committee of the Company. Mr. Guo has started working in July 1988 and joined the Communist Party of China in June 2000. Mr. Guo once served as accountant, deputy section chief, section chief of the Finance Division of the Qinhuangdao Port Authority. He worked as the deputy director of the Finance Department of the QPG. From December 2001 to May 2011, he served as supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司). In April 2003 an August 2007, Mr. Guo acted as the deputy director and director of the Finance Department of the QPG, respectively. Since March 2008, he has served as chief financial officer and director of the Finance Department of the Company. Since December 2009, he has been the chief financial officer, member of the Party Committee of the Company. Since August 2014, he was appointed as deputy general manager of the Company. Mr. Guo has been serving vice president of the Company since December 2017.

Mr. NIE Yuzhong (**聶玉中**), born in January 1969, holds a bachelor's degree and a master's degree, and is a senior economist and a senior engineer. He is currently the vice president and a member of the party committee of the Company. Mr. Nie has started working in July 1989 and joined the Communist Party of China in June 2000. He has served as a cadre of Electromechanical Section of the Second Branch of the Qinhuangdao Port Authority, salesperson, dispatching director and manager of shipping department of China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島外輪代理有限責任公司). Since April 2001, He served as deputy general manager of China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch and general manager of China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch since April 2003. Mr. Nie has been a party secretary of the Ninth Port Branch of QPG since July 2005, and served as a concurrent post of secretary of the Discipline Committee of the Ninth Port Branch since December 2006. He has also served as a manager of the Ninth Port Branch of the Company since July 2011. He was appointed as a supervisor and chairman of the Supervisory Committee of the Company in June 2014. He was appointed as the member of the party committee of the Company in February 2018. He has been serving as the vice president of the Company since March 2018.

Company Secretary

Mr. ZHANG Nan (張楠), born in July 1980, holds a bachelor's degree and is an economist. He is currently the director of securities department, securities affairs representative and company secretary of the Company. Mr. Zhang began working in July 2002 and once served as a legal consultant, lawyer and secretary of QPG. In December 2008, he served as the director of the securities affairs division of the board office of the Company. In August 2013, he served as the joint company secretary. In November 2013, he served as the securities affairs representative and deputy director of the board officer of the Company. In December 2016, he served as the company secretary of the Company. In October 2017, he served as the director of securities department of the Company.

REPORT OF THE BOARD OF DIRECTORS

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

Principal Business

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

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

Financial Position and Results

Financial position as at 31 December 2017 and profit of the Year of the Group are set out in pages 72 to 75 of this report.

Dividends

The Board proposed distribution of final dividends of RMB0.062 (tax inclusive) per Share for the Year to the Shareholders of the Company. If the profit distribution plan is approved by the Shareholders on the Annual General Meeting, final dividends will be distributed to Shareholders whose names appear on the register of members of the Company on 5 July 2018 before 20 August 2018. In accordance with the Articles of Association of the Company, dividends payable to holders of the Domestic Shares will be made and paid in RMB, whereas dividends payable to holders of the H Shares will be declared in RMB and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China (中國人民銀行) during the week prior to the Annual General Meeting to be held on 20 June 2018.

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

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

The AGM of the Company will be held on Wednesday, 20 June 2018. In order to determine the holders of H Shares who will be entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 21 May 2018 to Wednesday, 20 June 2018 (both days inclusive), during which period no transfer of Shares will be registered. In order for the holders of H Shares of the Company to qualify for attending the 2017 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 18 May 2018.

Subject to the approval of the resolution regarding the declaration of dividends at the Annual General Meeting for 2017, dividends will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on 5 July 2018. The register of the Company will be closed from Saturday, 30 June 2018 to Thursday, 5 July 2018 (both days inclusive), during which period no transfer of shares will be registered. In order for the holders of H Shares of the Company to qualify for receiving the final dividends, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 29 June 2018. The Company has no obligation and will not be responsible for confirming the identities of the Shareholders. The Company held no liability in respect of any claims arising from any delay in, or inaccurate determination of the identity of the Shareholders or any disputes over the mechanism of withholding.

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

Use of Proceeds from the Global Offering

The H Shares of the Company has been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds of the Company from the Global Offering amounted to HK$3,823 million. During the Year, the use of proceeds from the Global Offering was in line with the usage disclosed in the Prospectus. For the period from the listing of the Company to the current year, the Global Offering proceeds disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus (except for working capital and general corporate purposes) have been completed as planned. As compared with the allocated amounts set forth in the prospectus, there is slight balance of proceeds. To improve the capital efficiency of Global Offering proceeds, the directors of the Company believe that it is necessary to adjust the planned use of Global Offering proceeds, and has already made resolutions and approved to adjust the balance of Global Offering proceeds as working capital and general corporate purposes. The Board believes that such adjustment on the use of Global Offering proceeds would improve the flexibility of financial management and reduce other financing costs of the Company, and is in the interests of the Company and its shareholders as a whole. The adjustment on the use of proceeds. For details, please refer to the announcement of the Company dated 27 October 2017 (including) related to the adjustment on the use of proceeds.

Fixed Assets and Construction in Progress

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

Undistributed Profits at the End of the Year

Details of the undistributed profits of the Group in the Year are set out in "Consolidated Statement of Changes in Equity" in this annual report. As at 31 December 2017, undistributed profits at the end of the Year distributable to Shareholders amounted to approximately RMB1,420,731 thousand.

Major Customers and Suppliers

During the Year, revenue from the sales to the five largest customers by the Group accounted for approximately 44.10% of the total turnover of the Group, among which, revenue from the sales to the largest customer accounted for approximately 12.05% of the total turnover of the Group.

During the Year, our purchases made from the five largest suppliers of goods or services (i.e. our non-capital goods suppliers) accounted for 17.63% of operating cost of the Group, among which, our purchases made from the largest supplier of non-capital goods accounted for 4.33% of the operating cost of the Group; our purchases made from the five largest equipment and construction service suppliers (i.e. our capital goods suppliers) amounted to RMB446,944 thousand, among which, our purchases made from the largest equipment and construction service supplier amounted to RMB183,147 thousand.

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

Capital Commitment

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

Subsidiaries, Joint Ventures and Associates

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

Donation

The charity and other donations of the Group made during the Year amounted to approximately RMB452 thousand.

Connected Transactions

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

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

Details of the connected transactions of the Group during the Year are set out in Note X to the financial statements of this annual report.

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

Non-Exempt Connected Transactions

The Company and HPG has carried out the below connected transactions not exempted from Rule 14A.76(1) of the Listing Rules during the Year.

Entering into of Agreement between the Company and HPG for Capital Contribution to HPG Finance

On 27 July 2017, the Company and HPG entered into the capital increase agreement, pursuant to which HPG and the Company will make further capital contribution to HPG Finance in proportion to their existing equity holding i.e. 60% held by HPG and 40% held by the Company) in cash in RMB. The Company will make further capital contribution of RMB400 million to HPG Finance. Upon completion of the capital increase, the Company will have made capital contribution in the total sum of RMB600 million in HPG Finance and its equity holding in HPG Finance will remain as 40%.

The purpose of the capital increase is to increase the proportion of loans and reach a higher regulatory rank of HPG Finance, and to raise more funds for its further development. The capital increase constituted a connected transaction of the Company. As the highest applicable percentage ratio in respect of the capital increase is more than 0.1% but less than 5%, such transaction shall be subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For other details of the capital increase agreement, please refer to the announcement of the Company dated 27 July 2017.

Non-Exempt Continuing Connected Transactions

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

(A) Lease Agreement

The Company and HPG entered into a lease agreement on 25 December 2008 which was renewed on 28 March 2011 (the "**Old Lease Agreement**") in respect of the lease of certain assets which include land, buildings, facilities and equipment from HPG to us due to the needs in production and operations. The Old Lease Agreement was valid from 31 March 2008 to 31 December 2013. On 11 July 2013, the Company and HPG entered into a supplemental agreement to the Old Lease Agreement, which extended its term to 31 December 2015, with effect from the execution date of the supplemental agreement. On 23 March 2016, the Company and HPG entered into a new lease agreement, which extended the term of the supplemental agreement to the Old Lease Agreement to 31 December 2018 with effect from 1 January 2016. Pursuant to the Old Lease Agreement, HPG leases to us certain facilities, equipment and properties related to our operations in the western zone of Qinhuangdao Port, which include office buildings, stacking yards, roads, power supply and lighting equipment, office facilities and instruments, and a majority of which are immovable properties. For details of the new lease agreement, please refer to the announcement of the Company dated 23 March 2016.

(B) General Services Agreement

The Company entered into a general services agreement with HPG on 25 December 2008 which was renewed on 28 March 2011 (the "**Old General Services Agreement**"). On 11 July 2013, the Company entered into a supplemental agreement to the general services agreement with HPG, which extended the term of the Old General Service Agreement to 31 December 2015, with effect from the execution date of the supplemental agreement. On 23 March 2016, the Company and HPG entered into a new general services agreement, which extended the term of the supplemental agreement to the Old General Services Agreement to 31 December 2018 with effect from 1 January 2016. The Old General Services Agreement serves as a framework agreement containing the scope of goods and services, transaction principle, stipulation on the formulation of annual procurement and estimation plan, pricing terms and policies in respect of the goods and services to be provided under the old general services agreement.

Pursuant to the Old General Services Agreement, HPG and/or its subsidiaries shall provide a wide range of services for the Group, which include (i) social services such as employee training, medical services, printing and other relevant or similar services; (ii) office and logistics services such as property services, office leasing, office supplies and other daily supplies leasing, water and heat supply, hygiene, greening and other relevant or similar services; and (iii) production services such as equipment manufacturing, survey and design, supervisory services, vehicle and other equipment leasing, port construction, port engineering maintenance and communication services, reclaimed water supply, goods and resource supply and other relevant or similar services, while the Group shall provide HPG and/or its subsidiaries with the following services: general port services, port electricity management services, transportation services, software services, labor services, leasing services, resources supply services and other relevant or similar services. For details of the new general services agreement, please refer to the announcement of the Company dated 23 March 2016.

(C) Financial Services Framework Agreement

On 17 November 2014, the Company (on behalf of itself and its subsidiaries) entered into the old financial services framework agreement (the "Old Financial Services Framework Agreement") with HPG Finance, pursuant to which HPG Finance Limited agreed to provide the financial services to the Group. Such agreement shall take effect till 31 December 2016. On 23 March 2016, the Company and HPG Finance entered into a new financial services framework agreement, which extended the term of the Old Financial Services Framework Agreement to 31 December 2018, and replaced the Old Financial Services Framework Agreement with retrospective effect from 1 January 2016. The Old Financial Services Framework Agreement serves as a framework agreement containing the scope of financial services provided by HPG Finance, transaction principle, annual caps and pricing terms and policies.

Pursuant to the Old Financial Services Framework Agreement, the financial services to be provided by HPG Finance to the Group include: (i) Deposit Taking Services, (ii) Loan Services, and (iii) Other Financial Services. For details of the new financial services framework agreement, please refer to the announcement of the Company dated 23 March 2016.

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

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

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

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

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

The above continuing connected transactions:

(1) have been approved by the Board;

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

(3) have been, in all material respects, entered into on the terms of the respective agreements relating to the transactions; and

(4) do not exceed the annual caps as disclosed in relevant announcements.

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

Employees, Remuneration Policy and Pension Scheme

Staff costs of the Group during the Year amounted to RMB2,394,034 thousand. For details of employees, remuneration policy and pension scheme of the Company, please refer to Note V-21 and V-29 to the financial statements.

Share Capital

As at 31 December 2017, the total issued share capital of the Company amounted to RMB5,587,412,000, which was divided into 5,587,412,000 Shares. On 16 August 2017, the Company conducted the initial public offering of 558,000,000 A Shares on the SSE and the existing 4,199,559,000 Domestic Shares were converted into A Shares. Upon the A Share Issue, the total issued share capital of the Company amounted to RMB5,587,412,000, which was divided into 5,587,412,000 Shares (comprising 829,853,000 H Shares and 4,757,559,000 A Shares), with a nominal value of RMB1.00 each.

Share capital as at 31 December 2017 was as follows:

Class of Shares	Number of Shares	Approximate percentage to total issued share capital of the Company
A Shares	4,757,559,000	85.15%
H Shares	829,853,000	14.85%
Total	5,587,412,000	100%

Details of changes in share capital of the Company during the Year are set out in Note V-32 to the financial statements in this annual report.

Pre-Emptive Rights

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

Share Option Scheme

The Company has not adopted any share option scheme.

Interests and Short Positions of Substantial Shareholders and Other Persons in Shares of the Company

As at 31 December 2017, so far as the Directors and Supervisors are aware, other than the Directors, Supervisors and the senior management of the Company, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Number of Shares held	Capacity	Class of Shares	Approximate percentage of the total number of relevant class of issued share capital of the Company	Approximate percentage to total issued share capital of the Company	Long position/ short position
State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province	3,032,528,078 (note 1)	Interest of controlled corporation	A Share	63.74%	54.27%	Long position
HPG	3,032,528,078 (note 1)	Beneficial owner	A Share	63.74%	54.27%	Long position
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	621,455,485	Beneficial owner	A Share	13.06%	11.12%	Long position
HPG	66,388,500 (note 2)	Interest of controlled corporation	H Share	8.00%	1.19%	Long position
HPG INTERNATIONAL (HONG KONG) CO., LIMITED	66,388,500 (note 2)	Beneficial owner	H Share	8.00%	1.19%	Long position
Fosun Holdings Limited	44,839,500 (note 3)	Interest of controlled corporation	H Share	5.40%	0.80%	Long position
Fosun International Holdings Ltd.	44,839,500 (note 3)	Interest of controlled corporation	H Share	5.40%	0.80%	Long position
Fosun International Limited	44,839,500 (note 3)	Interest of controlled corporation	H Share	5.40%	0.80%	Long position
Guo Guangchang	44,839,500 (note 3)	Beneficial owner	H Share	5.40%	0.80%	Long position
China Shipping (Group) Company	44,296,500 (note 4)	Interest of controlled corporation	H Share	5.34%	0.79%	Long position
China Shipping (Hong Kong) Holdings Co., Limited	44,296,500 (note 4)	Interest of controlled corporation	H Share	5.34%	0.79%	Long position
China Shipping Ports Development Co., Ltd.	44,296,500 (note 4)	Beneficial owner	H Share	5.34%	0.79%	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 3,032,528,078 Shares of the Company under the SFO;

2. HPG, the controlling shareholder of Hebei Port Group International (Hong Kong) Co., Ltd., is deemed to be interested in 66,388,500 Shares of the Company under the SFO.

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

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

Save as disclosed above, as of 31 December 2017, to the best knowledge of our Directors and Supervisors, none of other persons (other than Directors, Supervisors and senior management of the Company) had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

To the best knowledge of our Directors, as of 31 December 2017, none of our Directors, or Supervisors or chief executive and their respective associates had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Repurchase, Sales and Redemption of Listed Securities of the Company

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

Public Float

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

Non-Competition Agreement and Undertaking by the Controlling Shareholder

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

Compliance with Corporate Governance Code

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

Directors and Supervisors

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

Executive Directors

Mr. Cao Ziyu
Mr. Yang Wensheng (appointed on 16 June 2017)
Mr. Tian Yunshan (resigned on 28 February 2017)
Mr. Wang Lubiao
Mr. Ma Xiping

Non-executive Directors

Mr. Li Jianping
Mr. Mi Xianwei

Independent Non-executive Directors

Mr. Li Man Choi
Mr. Zhao Zhen
Ms. Zang Xiuqing
Mr. Hou Shujun

Supervisors

Mr. Nie Yuzhong (resigned on 12 February 2018)
Mr. Bu Zhouqing
Mr. Liu Simang

Employee Representative Supervisors

Mr. Cao Dong
Ms. Chen Linyan

Changes in Directors, Supervisors and Senior Management and Their Details

Changes in Directors, Supervisors and Senior Management during the Year

On 15 March 2017, Mr. Yang Wensheng was appointed as the general manager of the Company (later renamed as President).

On 16 June 2017, the Company held an annual general meeting and approved the appointment of Mr. Yang Wensheng as an executive Director. On the same date, Mr. Yang Wensheng was appointed as the executive Director of the Company, member of Remuneration and Appraisal Committee and Strategy Committee.

On 28 February 2017, the below resignation has taken effect:

Mr. Tian Yunshan resigned as executive Director, Director and member of Remuneration and Appraisal Committee and Strategy Committee.

Changes in Directors, Supervisors and Senior Management subsequent to the Year and up to the Date of this Report

On 29 March 2018, Mr. Nie Yuzhong was appointed as the vice president of the Company.

On 12 February 2018, the below resignation has taken effect:

Mr. Nie Yuzhong resigned as Supervisor and the Chairman of the Supervisory Committee.

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

Service Contracts of Directors and Supervisors

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

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

Interests in Contracts of Significance of Directors and Supervisors

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

Interests of Directors in Businesses Competing with the Company

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

Remuneration of Directors and Supervisors and the Five Highest Paid Individuals

Remuneration of Directors and Supervisors is determined by the Remuneration and Appraisal Committee by making reference to the remuneration paid by comparable companies and time commitments and duties of Directors and Supervisors.

Details of remuneration of Directors, Supervisors and the five highest paid individuals in the Year are set out in Note XIII-3 to XIII-4 to the financial statements in this annual report.

Management Contracts

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

Permitted Indemnity Provision

During the Year, the Company has purchased liability insurance valid for the Year for Directors, Supervisors and senior management of the Company.

The Board and Board Committees

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

Material Litigation and Arbitration

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

Audit Committee

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

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

Auditors

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

Business Review, Risk Factors Faced by the Company and Measures

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

Events after the Reporting Period

Pending litigation

On 30 January 2018, Cangzhou Bohai Stevedoring Co., Ltd. ("Cangzhou Bohai Port"), a subsidiary of the Company, received a summons issued by the Intermediate People's Court of Cangzhou City, Hebei Province, in which the plaintiff is China Construction Sixth Engineering Division Corp. Ltd. ("China Construction Sixth Engineering Division"), the defendant is Cangzhou Bohai Port, and the case is about a construction contract dispute.

China Construction Sixth Engineering Division filed a litigation with the Intermediate People's Court of Cangzhou City, Hebei Province, claiming that the project of Huanghua Port Integrated Port Information Center Building (黃驊港綜合港信息中心樓), which was built by it for Cangzhou Bohai Port from early 2010, had been completed by the end of August 2010. In this litigation, China Construction Sixth Engineering Division claims that, Cangzhou Bohai Port shall make a payment of RMB33,864,106.08 to China Construction Sixth Engineering Division for the construction of the abovementioned project and the interest for the construction fee accruing from 1 September 2010 to the actual payment date (which was RMB15,734,075 as at 28 November 2017), and that the litigation fees and property preservation fee shall be borne by Cangzhou Bohai Port. For details, please refer to the announcement issued by the company on 31 January 2018.

The bank deposits of RMB49,598,181.08 for Cangzhou Mineral Port have already been legally charged on 23 January 2018 and frozen. As of the date of approval of the financial statements, the case is still pending and the above bank deposits are still frozen.

Declaring Distribution of Dividends

As reviewed by the 17th meeting of the third board of directors of the Company held on 29 March 2018, the profit distribution plan for 2017 is based on 5,587,412,000 shares outstanding. It is proposed to distribute a cash dividend of RMB0.62 (including tax) per 10 shares to all Shareholders. Total cash dividends distributed totaled RMB346,419,544.00. The proposal has yet to be approved by the company's general meeting.

Summary of the 2017 Social Responsibility Report

The Company will issue a separate social responsibility report for 2017 in accordance with the requirements of Appendix 27 of the Listing Rules within three months after the publication of this annual report, and the summary of which is as follows.

The Company sees sustainable development as an important approach for corporate development and therefore, it aims to seek a win-win situation for the Group, society and environment by balancing between the creation of economic value and the impact from corporate operation on the environment and society. The Company has established various communication channels to maintain close communication with the stakeholders. In 2017, the Company issued the questionnaire on sustainable development for the first time in order to better understand the views and requirements of the stakeholders, assess the impact of the sustainable development topic on the stakeholders more accurately, and make targeted response.

In 2017, the Company continued to deepen and strengthen the cooperation with customers, took a series of measures to stabilize the cargo sources, diversified the cargoes portfolio, and achieved collaborative development of Qinhuangdao Port, Caofeidian Port and Huanghua Port. During the Reporting Period, the Company launched the first direct shipping route for imported fruits, the online business service website and the freight collection system, which further upgraded the customer services. The Company strived to constructing greet port by establishing comprehensive environmental management system and system of pollution prevention and treatment facilities. In 2017, the project of wind-proof net for coal stacking yards in Qinhuangdao Port was completed, which was the largest one in Asia. In addition, we continued to facilitate the greening of ports and carried out ocean pollution prevention and control activities. The Company adhered to the people-oriented philosophy, continued to create innovative and caring working environment and development platform for the staff, and paid attention to the physical and mental health of the staff and production safety. The Company also actively participated in social welfare, made contribution to the society and cared about the poverty areas and the underprivileged in order to achieve mutual development with the society. For more details of the environmental, social and governance performance of the Company, please refer to the Sustainability Report 2017 of Qinhuangdao Port Co., Ltd. issued by the Company separately, which is available on the Company's website.

By order of the Board
Cao Ziyu
Chairman

Qinhuangdao, Hebei, PRC
29 March 2018

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

Evaluation on the Behavior and Performance of the Board and Senior Management in 2017

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

Overview of the Meetings of Supervisory Committee

During the year, three meetings were held by the Supervisory Committee during the Year. Details of the meetings are set out below:

1. On 18 January 2017, the Supervisory Committee held its first meeting. At the meeting, the Report of Special Assessment on System Construction of the Subsidiaries of Qinhuangdao Port Co., Ltd. (《關於股份公司控股子公司制度體系建設情況專項評估報告》), the Report of Special Assessment on the Management and Control System of the Subsidiaries by Qinhuangdao Port Co., Ltd. (《關於股份公司對控股子公司管控體系的專項評估報告》) and the Special Report on Implementation of "Replacing Business Tax with Value-added Tax" of Qinhuangdao Port Co., Ltd. (《關於秦皇島港股份有限公司"營改增"執行情況的專項調研報告》) were considered and approved.

2. On 4 May 2017, the Supervisory Committee held its second meeting. At the meeting, the 2016 Annual Report of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司2016年度報告》), the Resolution Regarding the Audited Final Financial Report of the Company for the Year ended 31 December 2016 (《關於本公司截至2016年12月31日止年度經審核財務決算報告的議案》)，the Resolution regarding Tentatively No Distribution of any Profit of the Company for the Year ended 31 December 2016 and Tentatively No Declaration of Final Dividend for the Year ended 31 December 2016 (《關於本公司暫不分配截至2016年12月31日止年度利潤及暫不宣派截至2016年12月31日止末期股息的議案》), the Proposals on 2017 Fixed Asset Investment of Qinhuangdao Port Co., Ltd. (《關於秦皇島港股份有限公司2017年度固定資產投資計劃》), the 2016 Supervision and Inspection Report of Qinhuangdao Port Co., Ltd. (《關於秦皇島港股份有限公司2016年度監督檢查報告》) and the 2016 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. (《秦皇島港股份有限公司監事會2016年度工作報告》) were considered and approved.

3. On 27 October 2017, the Supervisory Committee held its third meeting. At the meeting, the Resolution on the 2017 Third Quarterly Report of Qinhuangdao Port Co., Ltd.(《關於<秦皇島港股份有限公司2017年第三季度報告>的議案》), the Resolution on Profit Distribution (《關於利潤分配的議案》), the Resolution on Using the Proceeds to Replace the Self-raised Funds Contributed to the Investment Projects in Advance (《關於使用募集資金置換預先已投入募投項目的自籌資金的議案》) and the Resolution on Adjustment of Use of Proceeds from Issuance of H Shares (《關於調整H股募集資金用途的議案》) were considered and approved.

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

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

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

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

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

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

Independent Opinions of the Supervisory Committee on Relevant Issues in Year 2017

(A) Compliance of the Company

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

(B) Financial Position and Annual Report of the Company

The Supervisory Committee duly reviewed and discussed the audited financial statements of the Company for 2017 and considered that it gave an objective, true, reasonable view in compliance with the laws, regulations and the Articles of Association of the Company. It also gave a complete and objective picture of the Company without any false representations, misleading statements or material omissions.

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

(C) Use of Proceeds

In August 2017, the Company issued the A Shares on the SSE and received net proceeds of RMB1.241 billion. The Supervisory Committee of the Company supervised the use of proceeds by the Company, considered the Resolution on Using the Proceeds to Replace the Self-raised Funds Contributed to the Investment Projects in Advance (《關於使用募集資金置換預先已投入募投項目的自籌資金的議案》), and confirmed that the actual use of proceeds of the Company was in line with the intended use. During the Reporting Period, no change was made in the actual investment projects of the Company.

The H Shares of the Company has been listed and traded on the Stock Exchange since 12 December 2013. The Supervisory Committee supervised and inspected the use of proceeds from the Global Offering of the Company and believed that the use of proceeds was in compliance with relevant requirements and no misappropriation was found.

(D) Supervision and Review on Connected Transactions

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

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

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

Prospects of the Supervisory Committee for 2018

The Supervisory Committee will further carry out its supervision and inspection duties accountable to all the Shareholders in strict accordance with applicable laws and regulations, the Articles of Association and the Rules of Procedures of the Supervisory Committee of the Company in 2018. The Supervisory Committee will continue to safeguard the legal interests of the Company and the Shareholders in line with the daily port business of the Company so as to effectively regulate the operation and development of the Company.

By Order of the Board
BU Zhouqing
Supervisor

Ernst & Young Hua Ming (2018) Shen Zi No. 61063699_E01
Qinhuangdao Port Co., Ltd.

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

I. Audit Opinion

We have audited the financial statements of Qinhuangdao Port Co., Ltd., which comprise the statement of financial position for the Group and the Company as at 31 December 2017, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated cash flow statement for 2017, and notes to the relevant financial statements.

In our opinion, the financial statements of Qinhuangdao Port Co., Ltd. as attached herewith are prepared in accordance with the provisions of Enterprise Accounting Standards to a material extent, and give a fair view of the financial position of the Group and the Company as at 31 December 2017, and of its financial performance and its consolidated cash flows for 2017.

II. Basis for Audit Opinion

We conducted our audit in accordance with the provisions of the Standards on Auditing for Certified Public Accountants in China. Our responsibilities under those standards are further described in the section of Certified Public Accountants' Responsibilities for the Audit of the Consolidated Financial Statements under this audit report. We are independent of Qinhuangdao Port Co., Ltd. in accordance with the Code of Ethics for Certified Public Accountants in China, and we have fulfilled our other ethical responsibilities accordingly. We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Set against this background are our responses to these matters and how they are addressed in our audit.

We have performed our responsibilities described in the section of Certified Public Accountants' Responsibilities for the Audit of the Consolidated Financial Statements under this report, which include the liabilities related to these key audit matters. Correspondingly, our audit includes audit procedures designed to assess where there are risks of material misstatement risks for these financial statements. The results deriving from our audit, including the procedures to address the following key audit matters, formed a basis for the audit opinion of the financial statements as a whole.

Ernst & Young Hua Ming (2018) Shen Zi No. 61063699_E01
Qinhuangdao Port Co., Ltd.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Impairment of fixed assets	
As at 31 December 2017, the carrying amounts of fixed assets as included in the consolidated financial statements were RMB16.154 billion, which had provided with the impairment of fixed assets of approximately RMB5.76 million. The Management shall judge at the end of the year where there is any evidence of impairment occurred. If there are evidences of impairment, the Management shall estimate its recoverable amount and conduct an impairment test. The impairment test of the fixed assets, to a considerable extent, is relied on the judgement and estimates made by the Management. For example, the cash flow to be generated from the asset group that such asset is belonged to and the estimate of discount rate. Such estimates are subject to impact on the market in future and the judgement on economic environment. Different estimates and assumptions applied shall have very significant impact on the recoverable amount of the fixed assets.	Our audit procedures are mainly comprised of the assessment on the methods and the reasonableness of the key assumptions adopted by the Management on the determination of the asset group that such asset is belonged to and the impairment test on fixed assets to estimate the present value of future cash flows, as well as the calculation of the present value of future cash flows. In addition, under the assistance of the internal assessment experts, we reviewed the reasonableness of methods, models and key inputs of the impairment test conducted by the Management. Meanwhile, we checked the disclosures in relation of note III-18 – Asset Impairment, note III-29 – Significant Accounting Judgement and Estimates and note V-11 – Fixed Assets and Impairment of Fixed Assets.
Recognition of revenue	
In 2017, Qinhuangdao Port Co., Ltd. and its subsidiaries (hereinafter referred to as Qinhuangdao Port Group) realized operating income of RMB7.033 billion in total, of which income from harbor operations such as loading and unloading of goods and depot accounted for approximately 99% to the revenue of the Group. As to the provision of loading and unloading of goods and depot as harbor operations, Qinhuangdao Port Group applies contracting fee mechanism in collecting revenue from its customers. As disclosed in the accounting policies under note III-22 to the financial statements, Qinhuangdao Port Group recognizes income from rendering of services in accordance to completion percentage method, where the results of rendering of services can be reliability estimated. As to the determination of completion percentage on the year end date, it requires the judgement and estimate of the Management.	Our audit procedures are mainly to inspect whether the disclosures for the policies regarding recognition of revenue are adequate, to understand whether the estimates and judgement made by the Management regarding the percentage of project completion are reasonable, and to re-calculate completion percentage. We have tested the control over the revenue process and performed substantial testing procedures, including selection of sample customer contracts and reviewing the key terms, so as to assess whether the accounting treatment is appropriate or not. At the same time, we check the disclosures related to note III-22 and note V-37 related to revenue.

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Qinhuangdao Port Co., Ltd.

IV. Other Information

The management of Qinhuangdao Port Co., Ltd. (hereinafter referred to as the "Management") are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibilities are to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statement

The Management is responsible for the preparation of the financial statements that give a fair view in accordance with the provisions of Enterprise Accounting Standards, and for such internal control as the Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the ability of Qinhuangdao Port Co., Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless under the circumstances of liquidation, cessation of operation or lack of other realistic alternatives.

The Management is responsible for overseeing the financial reporting process of Qinhuangdao Port Co., Ltd.

Ernst & Young Hua Ming (2018) Shen Zi No. 61063699_E01
Qinhuangdao Port Co., Ltd.

VI. Certified Public Accountants' Responsibilities for the Audit of the Consolidated Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards of Audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards of Auditing, we exercise professional judgment and maintain skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Qinhuangdao Port Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Qinhuangdao Port Co., Ltd. to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Qinhuangdao Port Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit.

Ernst & Young Hua Ming (2018) Shen Zi No. 61063699_E01
Qinhuangdao Port Co., Ltd.

We remain solely responsible for our audit opinion. We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LL — Chinese Certified Public Accountant: Meng Dong (Project Partner)

Beijing, PRC — Chinese Certified Public Accountant: Zhang Yan

29 March 2018

CONSOLIDATED BALANCE SHEET

31 December 2017

RMB

Assets	Note V	31 December 2017	31 December 2016
Current assets			
Cash and bank balances	1	**1,983,285,014.18**	1,857,032,961.56
Bills receivable	2	**330,915,367.80**	90,586,781.68
Accounts receivable	3	**82,993,153.85**	150,073,233.50
Prepayments	4	**4,638,406.01**	11,598,283.84
Interest receivable		**2,508,123.00**	–
Other receivables	5	**7,865,809.26**	34,203,954.23
Inventories	6	**200,222,526.56**	215,326,590.41
Other current assets	7	**239,668,328.72**	209,777,381.25
Total current assets		**2,852,096,729.38**	2,568,599,186.47
Non-Current assets			
Available-for-sale financial assets	8	**709,674,267.95**	710,376,014.95
Long-term equity investments	9	**2,682,297,961.17**	1,543,221,888.47
Investment properties	10	**–**	6,137,950.00
Fixed assets	11	**16,153,724,611.99**	13,402,745,892.92
Construction in progress	12	**1,151,479,563.41**	5,830,993,955.38
Intangible assets	13	**1,888,306,218.94**	2,009,739,741.54
Long-term prepaid expenses		**1,858,660.41**	2,563,538.59
Deferred tax assets	14	**202,160,180.82**	164,567,852.82
Other non-current assets	16	**133,236,678.09**	51,740,649.66
Total non-current assets		**22,922,738,142.78**	23,722,087,484.33
Total assets		**25,774,834,872.16**	26,290,686,670.80

The accompanying notes of the financial statements form part of these financial statements

31 December 2017
RMB

Liabilities and shareholders' equity	Note V	31 December 2017	31 December 2016
Current liabilities			
Short-term borrowings	18	**1,300,000,000.00**	1,545,000,000.00
Accounts payable	19	**218,205,613.84**	102,726,569.27
Deposits received	20	**522,476,557.70**	472,335,724.01
Employee benefits payable	21	**343,059,198.72**	85,000,711.31
Taxes payable	22	**101,926,736.87**	34,730,467.55
Interest payable	23	**11,080,299.21**	15,296,378.10
Dividends payable	24	**279,371,035.49**	608.34
Other payables	25	**970,848,422.55**	1,244,623,623.17
Non-current liabilities due within one year	26	**333,924,000.00**	1,056,586,108.28
Total non-current liabilities		**4,080,891,864.38**	4,556,300,190.03
Non-current liabilities			
Long-term borrowings	27	**6,490,490,492.98**	8,664,816,348.70
Long-term payable	28	**239,200,000.00**	–
Long-term employee benefits payable	29	**48,654,080.25**	71,807,543.84
Provisions	30	**33,860,000.00**	–
Deferred income	31	**311,182,677.12**	332,110,009.53
Total non-current liabilities		**7,123,387,250.35**	9,068,733,902.07
Total liabilities		**11,204,279,114.73**	13,625,034,092.10
Shareholders' equity			
Share capital	32	**5,587,412,000.00**	5,029,412,000.00
Capital reserve	33	**5,203,519,979.32**	4,506,377,828.61
Other comprehensive income	49	**1,702,929.18**	4,623,646.56
Special reserve	34	**51,433,165.56**	18,615,022.77
Surplus reserve	35	**1,140,530,908.83**	1,044,974,250.76
Retained profit	36	**1,420,731,065.74**	832,687,475.08
Total equity attributable to shareholders of the parent		**13,405,330,048.63**	11,436,690,223.78
Minority interests		**1,165,225,708.80**	1,228,962,354.92
Total shareholders' equity		**14,570,555,757.43**	12,665,652,578.70
Total liabilities and shareholders' equity		**25,774,834,872.16**	26,290,686,670.80

The accompanying notes of the financial statements form part of these financial statements

The financial statements have been signed by:

Legal representative:	Person in charge of Business operation:	Chief financial officer:	Head of accounting department:
Cao Ziyu	Yang Wensheng	Guo Xikun	Xie Hui

CONSOLIDATED INCOME SHEET

31 December 2017
RMB

	Note V	2017	2016
Revenue	37	**7,033,248,749.11**	4,911,006,419.74
Less: Operating costs	37	**4,527,385,217.66**	3,573,437,467.42
Tax and surcharges	38	**97,546,412.67**	67,178,488.18
Selling expenses		**77,043.14**	114,270.81
Administrative expenses	39	**949,451,054.76**	799,715,940.01
Financial costs	40	**356,734,890.29**	258,567,697.13
Asset impairment loss	41	**29,331,904.81**	(15,903,389.84)
Add: Investment income	42	**118,805,287.90**	120,749,116.36
Including: investment income from associates and joint ventures		**101,250,625.55**	111,809,735.32
Asset disposal income	43	**(4,187,213.00)**	–
Other income	44	**74,346,469.71**	–
Operating profits		**1,261,686,770.39**	348,645,062.39
Add: Non-operating income	45	**9,266,472.00**	141,203,894.42
Less: Non-operating expenses	46	**41,172,237.79**	4,568,160.64
Total profit		**1,229,781,004.60**	485,280,796.17
Less: Income tax expenses	48	**328,566,667.37**	113,715,781.36
Net profit		**901,214,337.23**	371,565,014.81
Classified by business continuity			
Net profit from continuing operations		**901,214,337.23**	371,565,014.81
Net profit from discontinued operations		**–**	–
Classified by ownership			
Net profit attributable to shareholders of the parent		**962,970,848.73**	365,029,064.52
Minority interests		**(61,756,511.50)**	6,535,950.29

The accompanying notes of the financial statements form part of these financial statements

31 December 2017
RMB

	Note V	2017	2016
Other comprehensive income, net of tax			
Other comprehensive income attributable to the shareholders of the parent, net of tax			
Other comprehensive income that may be reclassified to profit or loss			
Share of other comprehensive income of the investee accounted for using the equity method that will be reclassified to profit or loss		**15,001.80**	–
Exchange differences on translation of financial statements in foreign currencies	49	**(2,935,719.18)**	2,835,208.80
Total comprehensive income attributable to minority shareholders, net of tax		**–**	–
Total comprehensive income		**898,293,619.85**	374,400,223.61
Including:			
Total comprehensive income attributable to the shareholders of the parent		**960,050,131.35**	367,864,273.32
Total comprehensive income attributable to minority shareholders		**(61,756,511.50)**	6,535,950.29
Earnings per share	50		
Basic and diluted earnings per share		**0.18**	0.07

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 2017

RMB

	Note V	Equity attributable to shareholders of the parent								
		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
I. Current year's opening balance		5,029,412,000.00	4,506,377,828.61	4,623,646.56	18,615,022.77	1,044,974,250.76	832,687,475.08	11,436,690,223.78	1,228,962,354.92	12,665,652,578.70
II. Changes during the year										
(I) Total comprehensive income										
1. Net profit		-	-	-	-	-	962,970,848.73	962,970,848.73	(61,756,511.50)	901,214,337.23
2. Other comprehensive income		-	-	(2,920,717.38)	-	-	-	(2,920,717.38)	-	(2,920,717.38)
(II) Contributions from Shareholders										
1. Issue A shares to raise funds		558,000,000.00	747,720,000.00	-	-	-	-	1,305,720,000.00	-	1,305,720,000.00
2. Related expenses of A shares issuance		-	(50,577,849.29)	-	-	-	-	(50,577,849.29)	-	(50,577,849.29)
(III) Profit distribution										
1. Appropriation to Surplus reserves		-	-	-	-	95,556,658.07	(95,556,658.07)	-	-	-
2. Distribution to Shareholders	36	-	-	-	-	-	(279,370,600.00)	(279,370,600.00)	(3,788,190.94)	(283,158,790.94)
(IV) Special reserve										
1. Accrual		-	-	-	56,552,248.32	-	-	56,552,248.32	2,239,579.46	58,791,827.78
2. Usage		-	-	-	(23,734,105.53)	-	-	(23,734,105.53)	(431,523.14)	(24,165,628.67)
III. Current year's closing balance		5,587,412,000.00	5,203,519,979.32	1,702,929.18	51,433,165.56	1,140,530,908.83	1,420,731,065.74	13,405,330,048.63	1,165,225,708.80	14,570,555,757.43

The accompanying notes of the financial statements form part of these financial statements

For the year ended 2017

RMB

	Note V	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders equity
		Equity attributable to shareholders of the parent								
I. Current year's opening balance		5,029,412,000.00	4,506,903,112.81	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 year										
(I) Total comprehensive income										
1. Net profit		–	–	–	–	–	365,029,064.52	365,029,064.52	6,535,950.29	371,565,014.81
2. Other comprehensive income		–	–	2,835,208.80	–	–	–	2,835,208.80	–	2,835,208.80
(II) Contributions from Shareholders										
1. Capital injection to subsidiaries		–	(525,284.20)	–	–	–	–	(525,284.20)	525,284.20	–
(III) Profit distribution										
1. Appropriation to Surplus reserves		–	–	–	–	29,251,396.78	(29,251,396.78)	–	–	–
2. Distribution to Shareholders	36	–	–	–	–	–	(754,411,800.00)	(754,411,800.00)	(2,851,883.40)	(757,263,683.40)
(IV) Special reserve										
1. Accrual		–	–	–	72,633,833.05	–	–	72,633,833.05	751,940.99	73,385,774.04
2. Usage		–	–	–	(64,903,418.79)	–	–	(64,903,418.79)	(864,945.91)	(65,768,364.70)
III. Current year's closing balance		5,029,412,000.00	4,506,377,828.61	4,623,646.56	18,615,022.77	1,044,974,250.76	832,687,475.08	11,436,690,223.78	1,228,962,354.92	12,665,652,578.70

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 2017
RMB

	Note V	2017	2016
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		**7,387,006,004.59**	5,254,116,611.58
Cash received relating to other operating activities	51	**125,855,146.11**	120,589,663.57
Sub-total of cash inflows		**7,512,861,150.70**	5,374,706,275.15
Cash paid for goods and services		**1,597,886,457.22**	995,345,659.61
Cash paid to and on behalf of employees		**1,993,342,029.69**	2,053,421,154.44
Cash paid for all taxes		**563,954,108.30**	364,964,899.52
Cash paid relating to other operating activities	51	**469,283,431.36**	472,105,714.53
Sub-total of cash outflows		**4,624,466,026.57**	3,885,837,428.10
Net cash flows from operating activities	52	**2,888,395,124.13**	1,488,868,847.05
II. Cash flows from investing activities			
Cash received from return of investment		**1,133,012,000.00**	1,681,860,540.00
Cash received from disposal of other entities		**90,313,106.33**	113,939,381.04
Net cash received from disposal of fixed assets, Intangible assets and other long-term assets		**112,054,526.78**	1,814,848.53
Net cash received from disposal of subsidiaries and other business units	52	**502,800,771.43**	–
Cash received relating to other investing activities	51	**15,067,980.00**	14,959,700.00
Sub-total of cash inflows		**1,853,248,384.54**	1,812,574,469.57
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**1,173,879,676.54**	604,150,723.44
Cash paid for investments		**2,351,054,160.00**	1,294,212,000.00
Sub-total of cash outflows		**3,524,933,836.54**	1,898,362,723.44
Net cash flows from investing activities		**(1,671,685,452.00)**	(85,788,253.87)

The accompanying notes of the financial statements form part of these financial statements

For the year ended 2017
RMB

	Note V	2017	2016
III. Cash flows from financing activities			
Cash received from capital contribution		**1,305,720,000.00**	–
Cash received from borrowings		**2,503,954,784.48**	4,312,380,701.00
Sub-total of cash inflows		**3,809,674,784.48**	4,312,380,701.00
Cash paid for repayments of borrowings		**4,655,442,748.48**	4,630,932,186.56
Cash paid for distribution of dividends or profits and for interest expenses		**441,368,351.97**	1,324,575,751.54
Including: dividends paid to minority shareholders by subsidiaries		**3,788,190.94**	2,851,883.40
Cash paid relating to other financing activities	51	**64,470,849.53**	2,300,000.00
Sub-total of cash outflow		**5,161,281,949.98**	5,957,807,938.10
Net cash flows from financing activities		**(1,351,607,165.50)**	(1,645,427,237.10)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**(15,761,534.01)**	15,695,298.83
V. Net increase in cash and cash equivalents		**(150,659,027.38)**	(226,651,345.09)
Add: Balance of cash and cash equivalents at the beginning of the year		**1,149,805,681.56**	1,376,457,026.65
VI. Balance of cash and cash equivalents at the end of the year	52	**999,146,654.18**	1,149,805,681.56

The accompanying notes of the financial statements form part of these financial statements

BALANCE SHEET

31 December 2017
RMB

Assets	Note XIV	31 December 2017	31 December 2016
Current assets			
Cash and bank balances		**1,249,762,709.96**	839,733,284.63
Bills receivable		**294,653,342.67**	86,284,633.00
Accounts receivable	1	**74,847,409.10**	123,374,821.76
Prepayments		**1,285,514.37**	4,865,150.66
Other receivables		**731,040.95**	4,427,790.55
Inventories		**162,967,355.89**	180,890,398.89
Other current assets		**30,638,550.66**	28,568,552.92
Total current assets		**1,814,885,923.60**	1,268,144,632.41
Non-current assets			
Available-for-sale financial assets	2	**562,752,357.95**	562,752,357.95
Long-term equity investments	3	**8,180,726,534.03**	7,179,556,343.29
Investment properties		**–**	6,137,950.00
Fixed assets		**4,757,871,272.34**	4,969,636,812.10
Construction in progress		**84,151,765.68**	145,241,792.26
Intangible assets		**396,678,446.95**	398,118,095.69
Deferred tax assets		**175,041,813.81**	124,258,205.30
Other non-current assets		**821,218,028.70**	51,580,621.66
Total non-current assets		**14,978,440,219.46**	13,437,282,178.25
Total assets		**16,793,326,143.06**	14,705,426,810.66

The accompanying notes of the financial statements form part of these financial statements

31 December 2017
RMB

Liabilities and shareholders' equity	31 December 2017	31 December 2016
Current liabilities		
Short-term borrowings	**1,300,000,000.00**	1,500,000,000.00
Accounts payable	**162,595,046.29**	61,475,406.02
Deposits received	**470,419,061.59**	426,161,404.76
Employee benefits payable	**336,748,093.99**	81,609,086.49
Taxes payable	**100,070,951.15**	3,258,146.76
Interest payable	**1,555,125.00**	2,538,937.50
Dividends payable	**279,371,035.49**	608.34
Other payables	**155,270,116.77**	220,178,347.55
Non-current liabilities due within one year	**400,000.00**	570,000,000.00
Total current liabilities	**2,806,429,430.28**	2,865,221,937.42
Non-current liabilities		
Long-term payable	**239,200,000.00**	–
Long-term employee benefits payable	**48,654,080.25**	71,807,543.84
Deferred income	**311,182,677.12**	332,110,009.53
Total non-current liabilities	**599,036,757.37**	403,917,553.37
Total liabilities	**3,405,466,187.65**	3,269,139,490.79
Shareholders' equity		
Share capital	**5,587,412,000.00**	5,029,412,000.00
Capital reserve	**5,197,336,468.67**	4,500,194,317.96
Special reserve	**38,032,747.30**	17,813,244.99
Surplus reserve	**1,140,392,564.06**	1,044,835,905.99
Other comprehensive income	**15,001.80**	–
Retained profit	**1,424,671,173.58**	844,031,850.93
Total shareholders' equity	**13,387,859,955.41**	11,436,287,319.87
Total liabilities and shareholders' equity	**16,793,326,143.06**	14,705,426,810.66

The accompanying notes of the financial statements form part of these financial statements

INCOME STATEMENT

For the year ended 2017
RMB

	Note XIV	2017	2016
Revenue	4	**5,308,164,466.09**	3,764,653,465.29
Less: Operating costs	4	**3,254,415,439.04**	2,773,164,164.38
Business tax and surcharges		**82,163,129.55**	59,104,784.97
Administrative expenses		**777,264,536.09**	707,658,959.64
Financial costs		**76,369,555.71**	71,499,397.88
Asset impairment loss		**31,006,630.38**	(16,503,663.35)
Add: Investment income	5	**105,761,686.79**	124,685,693.74
Including: Investment income from associates and joint ventures		**103,241,686.79**	119,765,693.74
Other income		**65,096,087.26**	–
Operating profits		**1,257,802,949.37**	294,415,515.51
Add: Non-operating income		**7,885,310.60**	73,526,807.62
Less: Non-operating expenses		**5,349,397.06**	4,528,248.90
Total profit		**1,260,338,862.91**	363,414,074.23
Less: Income tax expenses		**304,772,282.19**	70,900,106.39
Net profit		**955,566,580.72**	292,513,967.84
Other comprehensive income, net of tax			
Share of other comprehensive income of the investee accounted for using the equity method that will be reclassified to profit or loss		**15,001.80**	–
Total comprehensive income		**955,581,582.52**	292,513,967.84

The accompanying notes of the financial statements form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 2017 and 2016
RMB

2017

	Share capita	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current year's opening balance	5,029,412,000.00	4,500,194,317.96	–	17,813,244.99	1,044,835,905.99	844,031,850.93	11,436,287,319.87
II. Changes during the year							
(I) Total comprehensive income							
1. Net profit	–	–	–	–	–	955,566,580.72	955,566,580.72
2. Other comprehensive income	–	–	15,001.80	–	–	–	15,001.80
(II) Contributions from Shareholders							
1. Issue A shares to raise funds	558,000,000.00	747,720,000.00	–	–	–	–	1,305,720,000.00
2. related expenses of A shares issuance	–	(50,577,849.29)	–	–	–	–	(50,577,849.29)
(III) Profit distribution							
1. Appropriation to surplus reserves	–	–	–	–	95,556,658.07	(95,556,658.07)	–
2. Distribution to shareholders	–	–	–	–	–	(279,370,600.00)	(279,370,600.00)
(IV) Special reserve							
1. Accrual	–	–	–	41,110,722.95	–	–	41,110,722.95
2. Usage	–	–	–	(20,891,220.64)	–	–	(20,891,220.64)
III. Current year's closing balance	5,587,412,000.00	5,197,336,468.67	15,001.80	38,032,747.30	1,140,392,564.06	1,424,671,173.58	13,387,859,955.41

2016

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Totals shareholders' equity
I. Current year'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 year							
(I) Total comprehensive income	–	–	–	–	–	292,513,967.84	292,513,967.84
(II) Profit distribution							
1. Appropriation to surplus reserves	–	–	–	–	29,251,396.78	(29,251,396.78)	–
2. Distribution to shareholders	–	–	–	–	–	(754,411,800.00)	(754,411,800.00)
(III) Special reserve							
1. Accrual	–	–	–	62,042,177.71	–	–	62,042,177.71
2. Usage	–	–	–	(54,925,037.73)	–	–	(54,925,037.73)
III. Current year's closing balance	5,029,412,000.00	4,500,194,317.96	–	17,813,244.99	1,044,835,905.99	844,031,850.93	11,436,287,319.87

The accompanying notes of the financial statements form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 2017
RMB

	Note XIV	2017	2016
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		**5,476,607,880.79**	4,037,670,742.49
Cash received relating to other operating activities		**59,974,436.31**	58,311,656.44
Sub-total of cash inflows		**5,536,582,317.10**	4,095,982,398.93
Cash paid for goods and services		**1,049,402,834.32**	689,449,775.87
Cash paid to and on behalf of employees		**1,779,256,732.43**	1,843,589,709.07
Cash paid for all taxed		**472,239,919.92**	311,105,232.67
Cash paid relating to other operating activities		**389,215,351.77**	389,891,052.01
Sub-total of cash outflows		**3,690,114,838.44**	3,234,035,769.62
Net cash flows from operating activities		**1,846,467,478.66**	861,946,629.31
II. Cash flows from investing activities			
Cash received from return of investment		**550,000,000.00**	825,500,540.00
Cash received from investment income		**89,001,143.20**	111,698,912.55
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**6,367,499.33**	1,802,419.98
Cash received relating to other investing activities		**15,067,980.00**	14,959,700.00
Sub-total of cash inflows		**660,436,622.53**	953,961,572.53
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**337,978,133.87**	183,701,158.07
Cash paid for investments		**2,444,500,436.82**	659,400,000.00
Sub-total of cash outflows		**2,782,478,570.69**	843,101,158.07
Net cash flows from investing activities		**(2,122,041,948.16)**	110,860,414.46

The accompanying notes of the financial statements form part of these financial statements

For the year ended 2017
RMB

	Note XIV	2017	2016
III. Cash flows from financing activities			
Cash received from capital contribution		**1,305,720,000.00**	–
Cash received from borrowings		**1,800,000,000.00**	1,990,000,000.00
Sub-total of cash inflows		**3,105,720,000.00**	1,990,000,000.00
Cash paid for repayments of borrowings		**2,570,000,000.00**	2,228,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		**86,148,173.63**	854,659,097.53
Cash paid relating to other financing activities		**64,470,849.53**	2,300,000.00
Sub-total of cash outflow		**2,720,619,023.16**	3,084,959,097.53
Net cash flows from financing activities		**385,100,976.84**	(1,094,959,097.53)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**(13,120,162.01)**	12,876,309.62
V. Net increase in cash and cash equivalents		**96,406,345.33**	(109,275,744.14)
Add: Balance of cash and cash equivalents at the beginning of the year		**289,518,004.63**	398,793,748.77
VI. Balance of cash and cash equivalents at the end of the year		**385,924,349.96**	289,518,004.63

The accompanying notes of the financial statements form part of these financial statements

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 and the Shanghai Stock Exchange ("SSE") on 16 August 2017 respectively. 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 harbor facilities, equipment and machinery, cargo weighing, freight forwarding, port tallying and provision of power and electrical engineering services; and import and export services of goods. The Group's port services mainly handle coal and metal ores as well as other types of cargo including oil and liquefied chemicals and general cargo and containers.

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

These financial statements have been approved by the board of directors of the Company by resolutions on 29 March 2018. Pursuant to the Articles of Association of the Company, these financial statements will be proposed to the general meeting for consideration and approval.

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

II. Basis of Preparation of Financial Statements

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

As of 31 December 2017, the Group's net current liabilities amounted to approximately RMB1.229 billion, of which current assets amounted to approximately RMB2.852 billion and current liabilities amounted approximately RMB4.081 billion. In preparing the financial statements, the management have considered the Group's sources of liquidity, and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

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

III. Major Accounting Policies and Accounting Estimates

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

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2017 and their financial performance and cash flows for 2017.

2. Accounting Period

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

3. Functional Currency

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

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

4. Business Combinations

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

Business combinations under common control

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

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

III. Major Accounting Policies and Accounting Estimates (continued)

4. Business Combinations (continued)

Business combinations not under common control

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

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

Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and fair value of equity interest in the acquiree held before the acquisition date exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized 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 recognized in profit or loss for the current period.

5. Consolidated Financial Statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 2017 of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company.

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

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

III. Major Accounting Policies and Accounting Estimates (continued)

5. Consolidated Financial Statements (continued)

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

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

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

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

6. Classifications of Joint Arrangement and Joint Operations

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

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

7. Cash and Cash Equivalents

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

III. Major Accounting Policies and Accounting Estimates (continued)

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

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

Foreign currency transactions are recorded on initial recognition, in their functional currencies, by applying to the foreign currency amounts at the spot exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss for the current period, except for those relating to foreign currency borrowings specifically for acquisition and construction of qualifying assets, which are capitalized in accordance with the principle of capitalization 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 recognized in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

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

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

9. Financial Instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

III. Major Accounting Policies and Accounting Estimates (continued)

9. Financial Instruments (continued)

Recognition and derecognition of financial instruments (continued)

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. 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 recognized in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognized and derecognized 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 recognized 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 recognized.

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 realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is credited to profit or loss for the current period.

III. Major Accounting Policies and Accounting Estimates (continued)

9. Financial Instruments (continued)

Classification and measurement of financial assets (continued)

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from amortization or impairment and derecognition are recognized 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 amortized cost using the effective interest method. Gains or losses arising from amortization or impairment are recognized 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 amortized using the effective interest method and recognized 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 recognized as other comprehensive income, except that impairment losses and foreign exchange gains or losses resulted from monetary financial assets are recognized as profit or loss for the current period, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss previously recognized is transferred to profit or loss for the current period. Dividends or interest income relating to an available for-sale financial asset are recognized in profit or loss for the current period.

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

Classification and measurement of financial liabilities

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

III. Major Accounting Policies And Accounting Estimates (continued)

9. Financial Instruments (continued)

Classification and measurement of financial liabilities (continued)

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

After initial recognition, such kind of financial liabilities are measured at amortized 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 recognized amounts and the legal right is currently enforceable; the Group intends either to settle on a net basis, or to realize 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 reorganization; and observable data indicating that there is a measurable decrease in the estimated future cash flows.

III. Major Accounting Policies and Accounting Estimates (continued)

9. Financial Instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortized 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 recognized 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 amortized 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 recognized 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 recognized 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 amortized 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 recognized, the previously recognized impairment loss is reversed and recognized 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 amortized 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 recognized in other comprehensive income are removed and recognized 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 amortization) and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized 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 recognized, the impairment loss is reversed with the amount of the reversal recognized in profit or loss for the current period.

III. Major Accounting Policies and Accounting Estimates (continued)

9. Financial Instruments (continued)

Impairment of financial assets (continued)

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 recognized as an impairment loss in profit or loss for the current period. Once an impairment loss is recognized, it is not reversed.

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize 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 derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes 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 recognized 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.

III. Major Accounting Policies and Accounting Estimates (continued)

10. Receivables (continued)

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

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

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

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

As at the balance sheet date, accounts receivable and other receivables falling below RMB10 million but with objective evidence that an impairment loss may have been incurred, are individually assessed for impairment loss. The impairment loss is recognized 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 amortized by using one-off amortization method.

The Group adopts perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized 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 realizable 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 recognized in profit or loss for the current period.

III. Major Accounting Policies and Accounting Estimates (continued)

11. Inventories (continued)

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

12. Long-term Equity Investments

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

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained profits). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized 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 recognized 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 recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as financial instruments shall be transferred in full to current profit and loss upon the change to cost accounting. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued; for those acquired by the swap of non-monetary assets, initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets.

III. Major Accounting Policies and Accounting Estimates (continued)

12. Long-term Equity Investments (continued)

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

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

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

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

Under the equity method, the Group recognizes, 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 recognizes 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 recognized in full). The carrying amount of the long-term equity investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group shall discontinue recognizing its share of the losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in shareholders' equity of the investees (other than the net profits or losses, other comprehensive income and profit allocation of the investee), and includes the corresponding adjustment in equity.

III. Major Accounting Policies and Accounting Estimates (continued)

12. Long-term Equity Investments (continued)

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

13. Investment Properties

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

An investment property is measured initially at its cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property is included in the cost of the investment property. Otherwise, subsequent costs are recognized 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 amortization of investment properties is the same as that for buildings and land use rights.

14. Fixed Assets

A fixed asset is recognized 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 derecognized. Otherwise, such expenditures shall be recognized in profit or loss for the period during which they are incurred.

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

III. Major Accounting Policies and Accounting Estimates (continued)

14. Fixed Assets (continued)

Depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual value ratio and annual depreciation rate of fixed assets are as follows:

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

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

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

15. Construction in Progress

Construction in progress is recognized based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalized 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.

III. Major Accounting Policies and Accounting Estimates (continued)

16. Borrowing Costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowings. Borrowing costs include interest, amortization 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 capitalized. Other borrowing costs are recognized in profit or loss for the current period. Assets qualifying for capitalization refer to fixed assets necessarily taking a substantial period of time for acquisition or construction to get ready for their intended use.

The capitalization 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.

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

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

(1) where funds are borrowed for a specific purpose, the amount of interest to be capitalized 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 capitalized 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.

Capitalization 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 recognized as expenses in profit or loss for the current period until the acquisition or construction is resumed.

III. Major Accounting Policies and Accounting Estimates (continued)

17. Intangible Assets

An intangible asset shall be recognized 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 recognized 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 amortized over the useful lives on the straight-line basis. The Group reviews the useful lives and the amortization method of intangible assets with finite useful lives, and adjusts if appropriate, at least at the end of each year.

III. Major Accounting Policies and Accounting Estimates (continued)

18. Asset Impairment

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

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

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

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is recognized in profit or loss for the current period and a provision for impairment loss of the asset is recognized 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 recognizes 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 recognized, it cannot be reversed in the subsequent accounting periods.

19. Long-term Prepaid Expenses

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

III. Major Accounting Policies and Accounting Estimates (continued)

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 recognized 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 recognized, when incurred, in the cost of relevant asset or profit or loss for the current period.

Termination benefits

Where the Group provides termination benefits to its employees, the employee remuneration liabilities arising from termination benefits are recognized 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 reorganization-related costs or expenses involving payment of termination benefits are recognized 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 recognized or measured according to the requirements applicable to post-employment benefits. Changes arising from the measurement will be recognized 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 recognizes an obligation related to a contingency as a provision when all of the following conditions are satisfied:

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

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

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

III. Major Accounting Policies and Accounting Estimates (continued)

21. Provisions (continued)

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

22. Revenues

Revenue shall be recognized 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 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 recognized according to the percentage of completion, or otherwise, the revenue is recognized 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.

Revenue from the sales of goods

The Group recognizes 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.

Lease income

Rental income from operating leases is recognized 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.

III. Major Accounting Policies and Accounting Estimates (continued)

22. Revenues (continued)

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 recognized 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 recognized as income-related government grants.

Government grants relating to income which are used to compensate relevant cost expenses or losses in subsequent periods are recognized as deferred income and are accounted in profit and loss in the current period or offset against relevant costs in the period where relevant cost expenses or losses are recognized; those used to compensate relevant cost expenses or losses in the current period are directly accounted in profit and loss in the current period or offset against relevant costs.

Government grants relating to assets are offset against the carrying value of the relevant asset or they are recognized in deferred income and accounted in profit or loss in stages in a reasonable and systematic method during the service lives of the relevant assets (however, those measured in nominal values shall be recorded in profit and loss in the current period). Where the relevant assets are sold, transferred, scrapped or damaged before the end of their service lives, the undistributed balance of related deferred income shall be transferred to the profit or loss of the period where the relevant assets are disposed.

III. Major Accounting Policies and Accounting Estimates (continued)

24. Income Tax

Income tax comprises current and deferred income tax. Income tax is recognized as an expense or income in profit or loss for the current period, or otherwise recognized directly in shareholders' equity if it arises from goodwill on a business combination or relates to a transaction or event which is recognized 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 recognizes 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 recognized as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred income tax liabilities are recognized 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 recognized 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 utilized, 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 recognized 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 utilized in the future.

III. Major Accounting Policies and Accounting Estimates (continued)

24. Income Tax (continued)

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 utilized. Unrecognized deferred income tax assets are reassessed at the balance sheet date and are recognized 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.

When all of the following conditions are satisfied simultaneously, the deferred income tax assets and deferred income tax liabilities are listed as the net amount after offsetting: the Group have a legal right to settle current tax assets and liabilities on a net basis; the deferred taxes are related to the same tax payer within the Group and the same taxation authority, or related to different tax payers but during the period when each of the significant deferred income tax assets and deferred income tax liabilities are reversed and the tax payer involved intends to settle the current income tax asset and current income tax liability on a net basis, or simultaneously obtain assets and pay off the debts.

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 recognized 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 recognized 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.

III. Major Accounting Policies and Accounting Estimates (continued)

26. Discontinued Operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and can be distinguished from other components within the Group:

(1) the component represents a separate major line of business or an individual geographical area of operations;

(2) is part of a single coordinated plan to disposal of a separate major line of business or an individual geographical area of operations;

(3) is a subsidiary acquired exclusively for the purpose of resale.

27. Profit Distribution

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

28. Production Safety Expense

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

29. Significant Accounting Judgments and Estimates

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

Uncertainty of estimation

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

III. Major Accounting Policies and Accounting Estimates (continued)

29. 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 inventories where costs are higher than net realizable value. 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 results and the original estimates and the changes in estimates will affect the carrying amount of inventories and the provision or reversal of impairment on inventories.

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.

III. Major Accounting Policies and Accounting Estimates (continued)

29. Significant Accounting Judgments and Estimates (continued)

Uncertainty of estimation (continued)

Deferred income tax assets

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

30. Changes in Accounting Policies

Change in disclosure of gains or losses on disposal of assets

Pursuant to requirements of Notice on the Issuance of Revision of General Enterprise Financial Statement by Finance Ministry (Caikuai [2017] 30), the Group shall additionally disclose "Gains/(losses) on disposal of assets" above the line of "Operating profit". For the gains or losses on disposal of non-current assets which originally disclosed in "Non-operating income" or "Non-operating expenses", shall be reclassified in "Gains/(losses) on disposal of assets". The Group restated the comparative amount in the statement of profit or loss and other comprehensive income. The change in accounting policy has had no impact on both the consolidated and the Company's net profit and shareholder's equity.

Change in disclosure of government grants

Pursuant to requirements of Notice on the Issuance of amendments to the Accounting Standards for Enterprise No.16-Government Grants (Caikuai [2017] 15), the Group shall additionally disclose "Other income" above the line of "Operating profit". For government grants related to the entity's daily operating activities, shall be reclassified from "Non-operating profit" to "Other income". According to the guideline for this standard, government grants of the Group existed before 1 January 2017 should apply to future applicable method. For government grants acquired between 1 January 2017 and the execution date (12 June 2017) of this standard should be adjusted upon the standard requirement. "Other income", "Operating profit" and "Non-operating profit" of 2017 are different from those of 2016, but have had no impact on both the consolidated and the Company's net profit of 2017 and 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 Group's related port service revenues are taxable to output VAT at tax rate of 6%, and is levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	–	It is levied at 7% of VAT and business tax paid actually
Enterprise income tax	–	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences. Income tax rate for overseas subsidiaries is 16.5%.
Property tax	–	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income of the properties.
Land use tax	–	It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer.

2. Tax Preferences

Enterprise income tax

According to the Implementation Rules of the PRC Enterprise Income Tax Law (Order No.512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (《國家税務總局關於實施國家重點扶持的公共基礎設施項目企業所得税優惠問題的通知》) (Guo Shui Fa [2009] No.80), Cangzhou Bohai Stevedoring Co., Ltd., Cangzhou Huanghua Port Ore Stevedoring Co., Ltd. and Tangshan Caofeidian Coal Stevedoring Co., Ltd. are eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by such 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. Cangzhou Bohai Stevedoring Co., Ltd., Cangzhou Huanghua Port Ore Stevedoring Co., Ltd. and Tangshan Caofeidian Coal Stevedoring Co., Ltd. first generated their respective operating income in 2014 and 2015, respectively, and started to be entitled to the tax preferences of enterprise income tax.

V. Notes to Key Items of the Consolidated Financial Statements

1. Cash and Bank Balances

	2017	2016
Cash on hand	480,999.47	278,244.38
Bank deposits	1,957,804,014.71	1,856,754,717.18
Other monetary fund	25,000,000.00	–
	1,983,285,014.18	1,857,032,961.56
Less: Restricted bank deposits	–	215,280.00
Time deposits with maturity of more than three months	984,138,360.00	707,012,000.00
Cash and cash equivalents	999,146,654.18	1,149,805,681.56

As at 31 December 2017, the Group had no other cash and bank balances with restricted ownership(31 December 2016: RMB215,280.00).

As at 31 December 2017, the cash and bank balances deposited overseas by the Group were equivalent to RMB63,118,153.20 (31 December 2016: RMB71,437,892.06).

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term time deposits vary from 3 months to 1 year depending on the cash requirements of the Group and earn interest at the respective deposit rates.

2. Bills Receivable

	2017	2016
Commercial acceptance notes	27,040,271.00	–
Bank acceptance notes	303,875,096.80	90,586,781.68
	330,915,367.80	90,586,781.68

As at 31 December 2017, no bills receivable of the Group was pledged (31 December 2016: nil).

V. Notes to Key Items of the Consolidated Financial Statements (continued)

2. Bills Receivable (continued)

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

	2017		2016	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance notes	14,067,335.00	–	59,155,255.64	–

3. Accounts Receivable

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

An aged analysis of the accounts receivable is as follows:

	2017	2016
Within 1 year	73,087,489.98	98,365,895.68
1 to 2 years	5,134,001.94	19,247,272.52
2 to 3 years	18,001,849.80	55,999,134.47
Over 3 years	20,839,908.71	1,655,441.05
	117,063,250.43	175,267,743.72
Less: Provision for bad debts of accounts receivable	34,070,096.58	25,194,510.22
	82,993,153.85	150,073,233.50

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

	Opening balance	Provision for the year	Reversal during the year	Write-off during the year	Closing balance
2017	25,194,510.22	11,451,034.43	(998,571.67)	(1,576,876.40)	34,070,096.58
2016	15,736,495.74	9,481,896.23	(23,881.75)	–	25,194,510.22

V. Notes to Key Items of the Consolidated Financial Statements (continued)

3. Accounts Receivable (continued)

The classification of accounts receivable is disclosed as follows:

	2017				2016			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision of bad debts made by portfolio of credit risk characteristics	111,026,717.04	95	28,033,563.19	82	175,267,743.72	100	25,194,510.22	100
Individually significant and are provided for bad debts on individual basis	6,036,533.39	5	6,036,533.39	18	–	–	–	–
	117,063,250.43	100	34,070,096.58	100	175,267,743.72	100	25,194,510.22	100

As at 31 December 2017, the receivables that are individually insignificant and are provided for bad debts on individual basis are follows (31 December 2016: Nil):

	Carrying amount	Provision for bad debts	Percentage of provision	Reason of provision
Qinhuangdao Huazheng Coal Inspection Institute	6,036,533.39	6,036,533.39	100.00%	credit risk increase

V. Notes to Key Items of the Consolidated Financial Statements (continued)

3. Accounts Receivable (continued)

As at 31 December 2017 and 31 December 2016, the Group performed the impairment test in respect of receivables that were individually significant, and it considered there was no need for the provision for bad debts on individual basis. The Group grouped these accounts receivable and made the provision for bad debts in the method of ageing analysis.

The accounts receivable for bad debt provision according to the credit risk characteristics are as follows:

	2017				2016			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Amount	Percentage (%)	Amount	Percentage of provision (%)
Provision of bad debts made by portfolio of credit risk characteristics								
Within 1 year	73,087,489.98	65.83	3,651,458.48	5	98,365,895.68	56.12	4,720,335.72	5
1 to 2 years	2,256,657.55	2.03	225,665.76	10	19,247,272.52	10.98	1,954,983.87	10
2 to 3 years	16,465,900.80	14.83	4,939,770.24	30	55,999,134.47	31.95	16,863,749.58	30
Over 3 years	19,216,668.71	17.31	19,216,668.71	100	1,655,441.05	0.95	1,655,441.05	100
	111,026,717.04	100.00	28,033,563.19		175,267,743.72	100.00	25,194,510.22	

The actual write-off of accounts receivable for 2017 was RMB1,576,876.40 (2016: Nil).

As of 31 December 2017, the top five amounts of accounts receivable are as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
China Shougang International Trade Engineering Co., Ltd. (中國首鋼國際貿易工程有限公司)	33,005,649.06	28.19	23,234,358.32	70
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	23,433,014.00	20.02	1,171,650.70	5
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	16,276,742.00	13.90	813,837.10	5
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	6,036,533.39	5.16	6,036,533.39	100
Qinhuangdao COSCO Shipping Container Shipping Agency Co., Ltd. (秦皇島中遠海運集裝箱船務代理有限公司)	3,966,130.82	3.39	198,306.54	5
	82,718,069.27	70.66	31,454,686.05	

V. Notes to Key Items of the Consolidated Financial Statements (continued)

3. Accounts Receivable (continued)

As of 31 December 2016, the top five amounts of accounts receivable are as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
China Shougang International Trade Engineering Co., Ltd. (中國首鋼國際貿易工程有限公司)	68,273,796.01	38.95	17,681,234.49	26
China Qinhuangdao Ocean Shipping Agency Co., Ltd. (中國秦皇島外輪代理有限公司)	16,840,248.00	9.61	842,012.40	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	15,610,181.00	8.91	780,509.05	5
Shanghai Pan Asia Shipping Co., Ltd. (上海泛亞航運有限公司)	10,527,350.06	6.01	526,367.50	5
Qinhuangdao COSCO Shipping Container Shipping Agency Co., Ltd. (秦皇島中遠海運集裝箱船務代理有限公司)	7,403,811.45	4.21	370,190.57	5
	118,655,386.52	67.69	20,200,314.01	

4. Prepayments

An aged analysis of prepayments is as follows:

	2017		2016	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Within 1 year	**4,355,344.22**	**93.90**	10,256,772.09	88.43
1 to 2 years	**237,182.90**	**5.11**	1,337,058.61	11.53
2 to 3 years	**45,878.89**	**0.99**	4,453.14	0.04
	4,638,406.01	**100.00**	11,598,283.84	100.00

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V. Notes to Key Items of the Consolidated Financial Statements (continued)

5. Other Receivables

An aged analysis of other receivables is as follows:

	2017	2016
Within 1 year	8,133,930.37	35,126,863.69
1 to 2 years	148,180.33	455,660.37
2 to 3 years	–	568,892.06
Over 3 years	263,863.34	653,260.84
	8,545,974.04	36,804,676.96
Less: Provision for bad debts of other receivables	680,164.78	2,600,722.73
	7,865,809.26	34,203,954.23

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

	Opening balance	Provision for the year	Reversal during the year	Write-off during the year	Closing balance
2017	2,600,722.73	72,841.81	(1,993,399.76)	–	680,164.78
2016	27,962,127.05	145,274.71	(25,506,679.03)	–	2,600,722.73

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

	2017				2016			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Amount	Percentage (%)	Amount	Percentage of provision (%)
Within 1 year	8,133,930.37	95.18	401,483.41	5	35,126,863.69	95.44	1,741,728.23	5
1 to 2 years	148,180.33	1.73	14,818.03	10	455,660.37	1.24	45,566.04	10
2 to 3 years	–	–	–	–	568,892.06	1.55	160,167.62	30
Over 3 years	263,863.34	3.09	263,863.34	100	653,260.84	1.77	653,260.84	100
	8,545,974.04	100.00	680,164.78		36,804,676.96	100.00	2,600,722.73	

V. Notes to Key Items of the Consolidated Financial Statements (continued)

5. Other Receivables (continued)

Other receivables by nature are as follows:

	2017	2016
Equity transfer consideration	5,607,305.82	–
Government grants	–	30,682,300.00
Deposits	526,800.00	1,577,456.90
Others	2,411,868.22	4,544,920.06
	8,545,974.04	36,804,676.96

As at 31 December 2017, the top five amounts of other receivables are as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
Bohai Jin-Ji Port Investment and Development Co., Ltd. (渤海津冀港口投資發展有限公司)	4,538,405.82	53.11	226,920.29	5
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	1,446,543.02	16.93	72,327.15	5
HPG (河北港口集團)	1,068,900.00	12.51	53,445.00	5
HPG Port Engineering Co., Ltd. (河北港口集團港口工程有限公司)	403,548.00	4.72	20,177.40	5
Qinhuangdao City Construction Trading Center (秦皇島市建設交易中心)	184,300.00	2.16	184,300.00	100
	7,641,696.84	89.43	557,169.84	

As at 31 December 2016, the top five amounts of other receivables are as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage of provision (%)
Finance Bureau of Bohai New Zone in Cangzhou City (滄州渤海新區財政局)	30,682,300.00	83.37	1,534,115.00	5
China People's Property Insurance Company Limited (中國人民財產保險股份有限公司)	1,800,912.44	4.89	89,872.75	5
Qinhuangdao City Construction Trading Center (秦皇島市建設交易中心)	991,600.00	2.69	620,670.00	63
Luoyang Zhengfangyuan Heavy Mining Machinery Inspection Technology Co., Ltd. (洛陽正方圓重礦機械檢驗技術有限公司)	268,867.92	0.73	26,886.79	10
Tianjin Water Transport Engineering Continued Research Institute of Ministry of Transport (交通運輸部天津水運工程可續研究所)	186,792.45	0.51	18,679.25	10
	33,930,472.81	92.19	2,290,223.79	

V. Notes to Key Items of the Consolidated Financial Statements (continued)

5. Other Receivables (continued)

As at 31 December 2016, the government grants receivable were as follows:

	Grant project	Amount	Payment date	Expected receiving time, amount and basis
Finance Bureau of Bohai New Zone in Cangzhou City (滄州渤海新區財政局)	Subsidy to container amount	30,682,300.00	Within 1 year	Bo Xin Guan Zi [2012] No. 25 (渤新管字[2012]25號) Expected to receive in 2017

6. Inventories

	2017			2016		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	68,813,086.75	–	68,813,086.75	69,551,118.56	–	69,551,118.56
Fuels	10,370,084.33	–	10,370,084.33	5,363,206.95	–	5,363,206.95
Spare parts	116,956,141.46	–	116,956,141.46	135,333,392.63	–	135,333,392.63
Low-cost consumables	3,753,579.50	–	3,753,579.50	3,640,572.81	–	3,640,572.81
Finished goods	329,634.52	–	329,634.52	1,438,299.46	–	1,438,299.46
	200,222,526.56	–	200,222,526.56	215,326,590.41	–	215,326,590.41

7. Other Current Assets

	2017	2016
Deductible input VAT	127,555,422.28	183,012,119.14
Prepaid enterprise income tax	12,112,906.44	26,765,262.11
Financial products (Note)	100,000,000.00	–
	239,668,328.72	209,777,381.25

Note: The Group held principal guaranteed floating-income financial products of RMB100,000,000.00 managed by China Minsheng Banking Co., Ltd., with maturity of 1 year and expected yield of approximately 4.9%.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

8. Available-for-sale Financial Assets

	2017	2016
Non-listing investment Available-for-sale equity instruments	**709,674,267.95**	710,376,014.95

As at 31 December 2017, the equity investments held by the Group in unlisted companies in the PRC are stated at cost. The Group does not intend to dispose of these investments. The details are as follows:

Investee	Shareholding	31 December 2016	Increase in the year	Decrease in the year	31 December 2017	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**	–
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)	3.62%	30,752,357.95	–	–	**30,752,357.95**	–
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司) (Note)	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**	4,172,048.94
Total		710,376,014.95	–	(701,747.00)	**709,674,267.95**	4,172,048.94

Investee	Shareholding	31 December 2015	Increase in the year	Decrease in the year	31 December 2016	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	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)	3.62%	30,752,357.95	–	–	30,752,357.95	–
Qinhuangdao Gangli 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	3,236,502.00
Total		710,376,014.95	–	–	710,376,014.95	5,636,502.00

Note: At the fifth meeting of the third session of the Board of Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司) in July 2017, the resolution to transfer the entire equity of Qinhuangdao Gangli Elevator Co., Ltd. held by it to HPG at a transfer price of RMB1,068,900.00 was approved. Such equity transfer has been completed within 2017.

As at 31 December 2017 and 31 December 2016, the management of the Company considered that provision for impairment of available-for-sale financial assets was not necessary.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

9. Long-term Equity Investments

2017

	Opening balance	Change within the year						Closing carrying amount	Year-end provision for impairment
		Increase In investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Declaration of cash dividend	Provision for impairment		
Equity method:									
Joint ventures									
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	89,205,396.06	300,000,000.00	(34,788,198.00)	–	–	–	–	354,417,198.06	–
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	–	61,554,044.14	(7,307,453.92)	–	–	–	–	54,246,590.22	–
Sub-total	89,205,396.06	361,554,044.14	(42,095,651.92)	–	–	–	–	408,663,788.28	–
Associates									
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行	–	–	–	–	–	–	–	–	–
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	217,911,512.02	400,000,000.00	13,776,181.14	15,001.80	–	–	–	631,702,694.96	–
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,024,530,094.60	–	132,949,776.29	–	2,840,601.21	(84,000,000.00)	–	1,076,320,472.10	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	800,000.00	–	–	–	–	(20,800,000.00)	–	(20,800,000.00)
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	68,038,004.89	86,670,000.00	(3,387,267.14)	–	–	–	–	151,320,737.75	–
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	34,935,192.73	240,000,000.00	(1,406,276.23)	–	–	–	–	273,528,916.50	–
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	88,601,688.17	49,845,800.00	1,575,000.00	–	–	–	–	140,022,488.17	–
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保税區鑫理程理貨有限責任公司)	–	900,000.00	(161,136.59)	–	–	–	–	738,863.41	–
Sub-total	1,454,016,492.41	778,215,800.00	143,346,277.47	15,001.80	2,840,601.21	(84,000,000.00)	(20,800,000.00)	2,273,634,172.89	(20,800,000.00)
Total	1,543,221,888.47	1,139,769,844.14	101,250,625.55	15,001.80	2,840,601.21	(84,000,000.00)	(20,800,000.00)	2,682,297,961.17	(20,800,000.00)

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V. Notes to Key Items of the Consolidated Financial Statements (continued)

9. Long-term Equity Investments (continued)

2016

	Opening balance	Change within the year: Increase In investment	Change within the year: Investment gain or loss under the equity method	Change within the year: Declaration of cash dividend	Change within the year: Other equity movements	Change within the year: Provision for impairment	Closing carrying amount	Year-end provision for impairment
Equity method:								
Joint ventures								
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	99,285,990.07	–	(10,080,594.01)	–	–	–	89,205,396.06	–
Sub-total	99,285,990.07	–	(10,080,594.01)	–	–	–	89,205,396.06	–
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	–	6,765,321.16	–	–	–	217,911,512.02	–
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,004,030,593.63	–	122,282,549.18	(105,000,000.00)	3,216,951.79	–	1,024,530,094.60	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	–	–	–	–	–	20,000,000.00	–
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	73,388,752.49	–	(5,350,747.60)	–	–	–	68,038,004.89	–
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	35,960,996.42	–	(1,025,803.69)	–	–	–	34,935,192.73	–
Cangzhou Bohai New Zone Gangxing 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	151,614.96	–	–	–	88,601,688.17	–
Sub-total	1,405,909,211.29	28,000,000.00	121,890,329.33	(105,000,000.00)	3,216,951.79	–	1,454,016,492.41	–
Total	1,505,195,201.36	28,000,000.00	111,809,735.32	(105,000,000.00)	3,216,951.79	–	1,543,221,888.47	–

V. Notes to Key Items of the Consolidated Financial Statements (continued)

9. Long-term Equity Investments (continued)

Provision for impairment of the long-term equity investments:

2017

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	–	20,800,000.00	–	20,800,000.00

10. Investment Properties

Land use rights

Investment properties measured under the cost method：

	2017	2016
Cost		
Opening balance	7,410,000.00	7,410,000.00
Transferred to intangible assets	(7,410,000.00)	–
Closing balance	–	7,410,000.00
Accumulated depreciation		
Opening balance	1,272,050.00	1,123,850.00
Provision for the year	123,500.00	148,200.00
Transferred to intangible assets	(1,395,550.00)	–
Closing balance	–	1,272,050.00
Carrying amounts		
Opening balance	6,137,950.00	6,286,150.00
Closing balance	–	6,137,950.00

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

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

V. Notes to Key Items of the Consolidated Financial Statements (continued)

11. Fixed Assets

2017

	Buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
1 January 2017	3,941,088,335.69	8,725,532,732.11	8,458,211,590.88	462,831,564.27	232,221,889.75	21,819,886,112.70
Purchase	–	–	105,408.21	259,245.01	435,060.25	799,713.47
Transferred from construction in progress	1,590,472,980.43	1,422,601,223.33	2,316,145,048.54	61,912,556.51	17,793,170.33	5,408,924,979.14
Reclassification	–	–	609,776.68	–	(609,776.68)	–
Transferred to construction in progress due to renovation and retrofitting	–	–	(5,750,650.98)	–	–	(5,750,650.98)
Disposal of a subsidiary	(106,248,359.72)	(1,154,879,842.93)	(596,287,462.18)	(684,307.00)	(6,717,178.48)	(1,864,817,150.31)
Disposal for the year	(1,694,493.00)	–	(54,864,701.86)	(7,118,048.72)	(8,839,124.78)	(72,516,368.36)
Other decrease	(2,205,084.00)	–	–	–	–	(2,205,084.00)
31 December 2017	5,421,413,379.40	8,993,254,112.51	10,118,169,009.29	517,201,010.07	234,284,040.39	25,284,321,551.66
Accumulated depreciation						
1 January 2017	1,045,809,413.14	1,746,751,058.68	5,100,523,460.76	343,010,055.31	174,796,767.10	8,410,890,754.99
Provision for the year (Note)	196,167,568.61	339,620,876.90	558,028,146.22	31,855,680.87	14,470,882.35	1,140,143,154.95
Reclassification	–	–	112,892.39	–	(112,892.39)	–
Transferred to construction in progress due to renovation and retrofitting	–	–	(3,880,635.77)	–	–	(3,880,635.77)
Disposal of a subsidiary	(15,647,773.16)	(197,520,741.80)	(137,454,359.59)	(603,012.26)	(3,010,250.83)	(354,236,137.64)
Disposal for the year	(977,748.15)	–	(51,780,036.97)	(6,781,472.82)	(8,544,302.88)	(68,083,560.82)
31 December 2017	1,225,351,460.44	1,888,851,193.78	5,465,549,467.04	367,481,251.10	177,600,203.35	9,124,833,575.71
Provision for impairment						
1 January 2017	–	–	6,162,139.84	–	87,324.95	6,249,464.79
Write off for the year	–	–	(486,100.83)	–	–	(486,100.83)
31 December 2017	–	–	5,676,039.01	–	87,324.95	5,763,363.96
Carrying amounts of fixed assets						
31 December 2017	4,196,061,918.96	7,104,402,918.73	4,646,943,503.24	149,719,758.97	56,596,512.09	16,153,724,611.99
1 January 2017	2,895,278,922.55	6,978,781,673.43	3,351,525,990.28	119,821,508.96	57,337,797.70	13,402,745,892.92

V. Notes to Key Items of the Consolidated Financial Statements (continued)

11. Fixed Assets (continued)

2016

	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	327,490.00	–	19,547.01	437,164.36	519,251.56	1,303,452.93
Transferred from construction in progress	1,031,170,034.72	1,289,446,043.74	1,086,266,624.98	7,778,918.53	24,592,685.95	3,439,254,307.92
Reclassification	6,958,143.72	5,046,352.00	(10,816,220.90)	–	(1,188,274.82)	–
Transferred to construction in progress due to renovation and retrofitting	(132,800.00)	–	(114,513.00)	–	–	(247,313.00)
Disposal for the year	(84,196.00)	–	(29,660,127.39)	(3,219,186.34)	(2,987,065.25)	(35,950,574.98)
31 December 2016	3,941,088,335.69	8,725,532,732.11	8,458,211,590.88	462,831,564.27	232,221,889.75	21,819,886,112.70
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 year (Note)	141,803,722.80	307,788,242.95	538,560,737.83	41,335,621.62	13,048,729.14	1,042,537,054.34
Reclassification	673,739.00	448,704.74	(386,097.40)	–	(736,346.34)	–
Transferred to construction in progress due to renovation and retrofitting	(59,577.23)	–	(111,077.61)	–	–	(170,654.84)
Disposal for the year	(81,670.12)	–	(27,524,924.18)	(3,122,610.75)	(2,834,589.41)	(33,563,794.46)
31 December 2016	1,045,809,413.14	1,746,751,058.68	5,100,523,460.76	343,010,055.31	174,796,767.10	8,410,890,754.99
Provision for impairment						
1 January 2016	–	–	6,162,977.29	–	87,324.95	6,250,302.24
Write off for the year	–	–	(837.45)	–	–	(837.45)
31 December 2016	–	–	6,162,139.84	–	87,324.95	6,249,464.79
Carrying amounts of fixed assets						
31 December 2016	2,895,278,922.55	6,978,781,673.43	3,351,525,990.28	119,821,508.96	57,337,797.70	13,402,745,892.92
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

Note In 2017， depreciation of RMB563,747.41 (2016: RMB1,887,334.21) provided for machinery and equipment directly related to the construction of construction in progress of the Group was capitalized in construction in progress.

As at 31 December 2017, the Group has no fixed assets which were temporarily idle (31 December 2016: nil).

As at 31 December 2017, the Group is applying for certificates of property ownership for buildings with a book value of RMB718,349,454.87 (31 December 2016: nil).

V. Notes to Key Items of the Consolidated Financial Statements (continued)

11. Fixed Assets (continued)

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

	2017	2016
Terminal facilities	19,378,930.23	20,568,983.38
Machinery and equipment	47,946,923.97	7,577,035.47
Buildings	15,789,232.49	15,867,417.68
Vessels and transportation equipment	–	15,214.50
Office and other equipment	36,084.24	44,910.74
	83,151,170.93	44,073,561.77

12. Construction in Progress

	2017			2016		
	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	665,841,637.51	–	665,841,637.51	643,570,588.45	–	643,570,588.45
Phase 2 of coal terminal project in Caofeidian	236,484,319.46	–	236,484,319.46	4,896,360,788.56	–	4,896,360,788.56
Commencing project of complex port zone in Huanghua Port	146,776,135.21	–	146,776,135.21	111,326,263.42	–	111,326,263.42
Reclaimer Update for Phase Two coal project	57,606,143.24	–	57,606,143.24	993,961.34	–	993,961.34
Phase 1 of crude oil terminal of Huanghua Port	12,925,493.18	–	12,925,493.18	17,024,607.34	–	17,024,607.34
Sewage treatment for Phrase One and Two coal project	341,037.74	–	341,037.74	29,741,243.00	–	29,741,243.00
Construction project of wind-proof net for coal stacking yards	292,610.00	–	292,610.00	34,538,527.23	–	34,538,527.23
Reform of control system for high and low voltage cabinets and belt conveyors for Phase One coal project	–	–	–	18,643,970.54	–	18,643,970.54
Retrofitting of dry fog dust suppression of dumpers	–	–	–	14,537,587.51	–	14,537,587.51
Others	31,212,187.07	–	31,212,187.07	64,256,417.99	–	64,256,417.99
Total	1,151,479,563.41	–	1,151,479,563.41	5,830,993,955.38	–	5,830,993,955.38

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

V. Notes to Key Items of the Consolidated Financial Statements (continued)

12. Construction in Progress (continued)

2017

	Budget	Opening Balance	Increase in the year	Transferred from fixed assets or intangible assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	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	4,896,360,788.56	311,688,972.77	-	(4,971,565,441.87)	-	236,484,319.46	Loans from financial institutes and self-owned capital	97
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	5,790,815,353.83	643,570,588.45	22,778,151.64	-	(507,102.58)	-	665,841,637.51	Fund raised, loans from financial institutes and self-owned capital	85
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	111,326,263.42	147,074,157.86	-	(94,253,211.58)	(17,371,074.49)	146,776,135.21	Loans from financial institutes and self-owned capital	88
Construction project of wind-proof net for coal stacking yards	378,000,000.00	34,538,527.23	19,719,783.80	-	(53,965,701.03)	-	292,610.00	Self-owned capital	78
Sewage treatment for Phrase One and Two coal project	33,790,000.00	29,741,243.00	345,537.74	-	(29,745,743.00)	-	341,037.74	Self-owned capital	89
Reclaimer Update for Phase Two coal project	166,510,000.00	993,961.34	56,612,181.90	-	-	-	57,606,143.24	Fund raised	35
Reform of control system for high and low voltage cabinets and belt conveyors for Phase One coal project	39,600,000.00	18,643,970.54	3,220,591.70	-	(21,864,562.24)	-	-	Fund raised	55
Retrofitting of dry for dust suppression of dumpers	19,480,000.00	14,537,587.51	46,132.08	-	(13,923,076.58)	(660,643.01)	-	Self-owned capital	75
Phase 1 of oil terminal project in Huanghua Port	2,987,898,500.00	17,024,607.34	6,637,673.88	-	-	(10,736,788.04)	12,925,493.18	Self-owned capital	1
Others	1,075,176,292.00	64,256,417.99	220,782,844.26	1,870,015.21	(235,091,329.48)	(20,605,760.91)	31,212,187.07		
Total	23,475,876,337.73	5,830,993,955.38	788,906,027.63	1,870,015.21	(5,420,916,168.36)	(49,374,266.45)	1,151,479,563.41		

V. Notes to Key Items of the Consolidated Financial Statements (continued)

12. Construction in Progress (continued)

2016

	Budget	Opening balance	Increase in the year	Transferred from fixed assets	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	4,633,263,190.17	263,214,619.76	–	(117,021.37)	4,896,360,788.56	Loans from financial institutes and self-owned capital	91
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	187,033,049.58	22,492,900.65	(4,279,277,984.10)	643,570,588.45	Fund raised, loans from financial institutes and self-owned capital	85
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	220,310,366.09	78,901,489.94	–	(187,885,592.61)	111,326,263.42	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	33,822,727.23	–	–	34,538,527.23	Self-owned capital	72
Renovation project for reutilization of wastewater with dust	32,020,000.00	13,953,619.38	10,025,946.66	–	(23,979,566.04)	–	Self-owned capital	79
Sewage treatment for Phrase One and Two coal project	33,790,000.00	16,337,266.00	13,403,977.00	–	–	29,741,243.00	Self-owned capital	88
Retrofitting of dry for dust suppression of dumpers	19,480,000.00	9,048,197.76	5,489,389.75	–	–	14,537,587.51	Self-owned capital	75
Others	640,633,613.85	48,869,404.64	130,577,343.76	76,658.16	(78,604,449.35)	100,918,957.21		
Total	19,879,345,159.58	9,655,820,466.36	722,468,543.68	22,569,558.81	(4,569,864,613.47)	5,830,993,955.38		

V. Notes to Key Items of the Consolidated Financial Statements (continued)

12. Construction in Progress (continued)

2017

	Progress of project	Accumulated amounts of capitalized interest	Including: Capitalized interest for the year	Ratio of capitalized interest for the year
Phase 2 of coal terminal project in Caofeidian	**97%**	**837,523,221.83**	**60,977,478.73**	**4.41%-5.15%**

2016

	Progress of project	Accumulated amounts of capitalized interest	Including: Capitalized interest for the year	Ratio of capitalized interest for the year
Phase 2 of coal terminal project in Caofeidian	91%	776,545,743.10	160,529,802.59	4.41%-6.15%
Phase 1 of metal ores terminal project in the bulk cargo area of Huanghua Port	85%	467,647,203.93	107,158,241.33	3.92%-5.31%
		1,244,192,947.03	267,688,043.92	

V. Notes to Key Items of the Consolidated Financial Statements (continued)

13. Intangible Assets

2017

	Land use rights	Software	Sea area use rights	Total
Cost				
1 January 2017	1,691,784,356.38	113,865,347.86	401,128,676.24	2,206,778,380.48
Purchase for the year	24,523,300.00	362,982.84	29,545.74	24,915,828.58
Transferred from construction in progress	–	11,991,189.22	–	11,991,189.22
Transferred from Investment properties	7,410,000.00	–	–	7,410,000.00
Disposal for the year	(109,068,107.75)	(168,000.00)	(3,290,155.20)	(112,526,262.95)
Disposal of a subsidiary	(19,786,132.10)	(2,315,956.39)	–	(22,102,088.49)
Reclassification	18,386,149.71	–	(18,386,149.71)	–
31 December 2017	1,613,249,566.24	123,735,563.53	379,481,917.07	2,116,467,046.84
Accumulated amortization				
1 January 2017	108,897,116.44	68,128,360.99	20,013,161.51	197,038,638.94
Provision for the year (Note)	33,361,376.36	7,376,273.28	7,875,134.71	48,612,784.35
Transferred from Investment properties	1,395,550.00	–	–	1,395,550.00
Disposal for the year	(18,151,969.24)	(164,416.78)	–	(18,316,386.02)
Disposal of a subsidiary	(106,568.04)	(463,191.33)	–	(569,759.37)
Reclassification	780,894.75	–	(780,894.75)	–
31 December 2017	126,176,400.27	74,877,026.16	27,107,401.47	228,160,827.90
Carrying amount				
31 December 2017	1,487,073,165.97	48,858,537.37	352,374,515.60	1,888,306,218.94
1 January 2017	1,582,887,239.94	45,736,986.87	381,115,514.73	2,009,739,741.54

V. Notes to Key Items of the Consolidated Financial Statements (continued)

13. Intangible Assets (continued)

2016

	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 year	290,568.58	21,359.22	1,928,365.74	2,240,293.54
Transferred from construction in progress	1,089,092,245.05	41,518,060.50	–	1,130,610,305.55
Transferred to construction in progress	–	–	(23,119,470.00)	(23,119,470.00)
Disposal for the year	–	(1,340,880.00)	–	(1,340,880.00)
31 December 2016	1,691,784,356.38	113,865,347.86	401,128,676.24	2,206,778,380.48
Accumulated amortization				
1 January 2016	88,739,231.84	62,233,080.52	12,785,587.58	163,757,899.94
Provision for the year (Note)	20,157,884.60	7,236,160.47	7,854,143.28	35,248,188.35
Transferred to construction in progress	–	–	(626,569.35)	(626,569.35)
Disposal for the year	–	(1,340,880.00)	–	(1,340,880.00)
31 December 2016	108,897,116.44	68,128,360.99	20,013,161.51	197,038,638.94
Carrying amounts				
31 December 2016	1,582,887,239.94	45,736,986.87	381,115,514.73	2,009,739,741.54
1 January 2016	513,662,310.91	11,433,727.62	409,534,192.92	934,630,231.45

Note: In 2017, amortization of RMB968,498.88 (2016: RMB3,546,793.20) provided for intangible assets directly related to the construction of construction in progress of the Group was capitalized in construction in progress.

As at 31 December 2017, the Group was in the process of applying for the land use right certificate of a reclaimed land with carrying amount of RMB1,059,242,674.65 (31 December 2016: RMB1,081,629,852.45). Management of the Company is of the opinion that there are neither legal nor other obstacles in getting the land use rights certificate once the register formalities are completed and the relevant charges are paid.

As at 31 December 2017, the Group has no intangible assets which were from internal research and development (31 December 2016: nil).

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

V. Notes to Key Items of the Consolidated Financial Statements (continued)

14. Deferred Tax Assets

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

	2017		2016	
	Deductible temporary differences	**Deferred tax assets**	Deductible temporary differences	Deferred tax assets
Government grants	**311,182,677.12**	**77,795,669.09**	332,110,009.53	83,027,502.30
Asset impairment provision	**53,961,809.48**	**13,490,452.37**	24,349,007.04	6,087,251.76
Employee bonus	**240,080,000.00**	**60,020,000.00**	–	–
Accrued early retirement schemes	**94,542,324.52**	**23,635,581.13**	139,990,311.60	34,997,577.90
Difference between tax base and accounting base of fixed assets	**108,873,912.92**	**27,218,478.23**	161,822,083.44	40,455,520.86
	808,640,724.04	**202,160,180.82**	658,271,411.61	164,567,852.82

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

	2017	2016
Deductible temporary differences	**1,588,451.88**	3,446,225.91
Deductible losses	**197,488,224.85**	79,536,933.58
	199,076,676.73	82,983,159.49

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

	2017	2016
2017	**–**	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**	9,840,145.14
2021	**8,469,252.65**	23,659,455.98
2022	**152,358,629.09**	–
	197,488,224.85	79,536,933.58

V. Notes to Key Items of the Consolidated Financial Statements (continued)

15. Asset Impairment Provision

2017

	Opening balance	Provision for the year	Decrease during the year: Reversal	Decrease during the year: Write-off	Closing balance
Provision for bad debts					
Including: Accounts receivable	**25,194,510.22**	**11,451,034.43**	**(998,571.67)**	**(1,576,876.40)**	**34,070,096.58**
Other receivable	**2,600,722.73**	**72,841.81**	**(1,993,399.76)**	**–**	**680,164.78**
Fixed assets impairment provision	**6,249,464.79**	**–**	**–**	**(486,100.83)**	**5,763,363.96**
Long-term equity investments impairment provision	**–**	**20,800,000.00**	**–**	**–**	**20,800,000.00**
	34,044,697.74	**32,323,876.24**	**(2,991,971.43)**	**(2,062,977.23)**	**61,313,625.32**

2016

	Opening balance	Provision for the year	Decrease during the year: Reversal	Decrease during the year: Write-off	Closing balance
Provision for bad debts					
Including: Accounts receivable	15,736,495.74	9,481,896.23	(23,881.75)	–	25,194,510.22
Other receivable	27,962,127.05	145,274.71	(25,506,679.03)	–	2,600,722.73
Fixed assets impairment provision	6,250,302.24	–	–	(837.45)	6,249,464.79
	49,948,925.03	9,627,170.94	(25,530,560.78)	(837.45)	34,044,697.74

16. Other Non-current Assets

	2017	2016
Prepayments for engineering equipment expenses	**47,052,228.70**	51,740,649.66
Deductible input VAT	**86,184,449.39**	–
	133,236,678.09	51,740,649.66

17. Assets with Restricted Ownership

As at 31 December 2017, the Group had no other assets with restricted ownership (31 December 2016: guarantee deposits of RMB215,280.00).

V. Notes to Key Items of the Consolidated Financial Statements (continued)

18. Short-term Borrowings

	2017	2016
Unsecured borrowings	1,300,000,000.00	1,545,000,000.00

As at 31 December 2017, the interest rate of the above borrowing was 3.92% per annum (31 December 2016: 3.92% – 4.13%).

As at 31 December 2017, the Group has no overdue borrowings (31 December 2016: nil). 。

19. Accounts Payable

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

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

	2017	2016
Within 1 year	209,846,241.10	95,957,194.00
1 to 2 years	3,126,639.63	2,327,506.87
2 to 3 years	2,090,676.60	2,078,466.36
Over 3 years	3,142,056.51	2,363,402.04
	218,205,613.84	102,726,569.27

As at 31 December 2017, the Group has no significant accounts payable aging more than 1 year (31 December 2016: nil).

20. Deposits Received

	2017	2016
Port handling fees	520,003,701.25	469,155,549.92
Weighing fees	2,363,852.37	3,071,716.70
Others	109,004.08	108,457.39
	522,476,557.70	472,335,724.01

As at 31 December 2017, the Group had no significant deposits received aging more than 1 year (31 December 2016: nil).

V. Notes to Key Items of the Consolidated Financial Statements (continued)

21. Employee Benefits Payable

2017

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	16,797,527.31	1,955,920,773.91	1,718,209,812.52	254,508,488.70
Post-employment benefits (defined contribution plans)	20,416.24	297,703,126.61	255,061,077.10	42,662,465.75
Early retirement schemes due within one year (29 of Note V)	68,182,767.76	47,892,188.13	70,186,711.62	45,888,244.27
	85,000,711.31	2,301,516,088.65	2,043,457,601.24	343,059,198.72

Short-term employee benefits are as follows:

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	–	1,533,874,716.99	1,293,794,716.99	240,080,000.00
Staff welfare	–	120,098,178.18	120,098,178.18	–
Social insurance	–	123,039,416.88	123,026,237.00	13,179.88
Including: Medical insurance	–	100,282,838.29	100,282,838.29	–
Work injury insurance	–	16,940,852.46	16,927,672.58	13,179.88
Maternity insurance	–	5,815,726.13	5,815,726.13	–
Housing funds	11,577,253.95	121,398,448.42	124,054,009.86	8,921,692.51
Union fund and employee education fund	4,235,813.83	32,667,849.69	31,863,433.56	5,040,229.96
Short-term paid leaves	–	19,755,897.46	19,755,897.46	–
Other short-term employee benefits	984,459.53	5,086,266.29	5,617,339.47	453,386.35
	16,797,527.31	1,955,920,773.91	1,718,209,812.52	254,508,488.70

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	210,147,300.69	209,967,149.97	180,150.72
Unemployment insurance	–	8,359,290.86	8,352,985.59	6,305.27
Enterprise annuity contribution (Note)	20,416.24	79,196,535.06	36,740,941.54	42,476,009.76
	20,416.24	297,703,126.61	255,061,077.10	42,662,465.75

V. Notes to Key Items of the Consolidated Financial Statements (continued)

21. Employee Benefits Payable (continued)

2016

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	55,952,055.31	1,674,516,247.45	1,713,670,775.45	16,797,527.31
Post-employment benefits (defined contribution plans)	5,127.68	330,509,321.41	330,494,032.85	20,416.24
Early retirement schemes due within one year (Note V, 29)	61,532,551.19	82,828,759.20	76,178,542.63	68,182,767.76
	117,489,734.18	2,087,854,328.06	2,120,343,350.93	85,000,711.31

Short-term employee benefits are as follows:

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	27,006,921.46	1,046,479,043.89	1,073,485,965.35	–
Staff welfare	–	106,635,910.21	106,635,910.21	–
Social insurance	30,809.32	132,949,380.43	132,980,189.75	–
Including: Medical insurance	30,691.05	107,741,430.07	107,772,121.12	–
Work injury insurance	118.27	17,053,931.34	17,054,049.61	–
Maternity insurance	–	8,154,019.02	8,154,019.02	–
Housing funds	19,573,183.47	188,541,241.50	196,537,171.02	11,577,253.95
Union fund and employee education fund	5,811,291.68	28,722,015.71	30,297,493.56	4,235,813.83
Short-term paid leaves	–	14,260,538.03	14,260,538.03	–
Other short-term employee benefits	3,529,849.38	156,928,117.68	159,473,507.53	984,459.53
	55,952,055.31	1,674,516,247.45	1,713,670,775.45	16,797,527.31

Defined contribution plans are as follows:

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	274,169,282.27	274,169,282.27	–
Unemployment insurance	5,127.68	15,259,809.27	15,264,936.95	–
Enterprise annuity contribution (Note)	–	41,080,229.87	41,059,813.63	20,416.24
	5,127.68	330,509,321.41	330,494,032.85	20,416.24

Note: The Group operates a defined contribution pension scheme, which requires payments of fixed contribution to independent fund. According to the pension scheme, the highest payment shall not exceed the national regulations, which is within 8% of prior year's total payroll. The total payment made by the enterprise and employees shall not exceed 12% of prior year's total payroll. On July 2016 and before, the Group's payment was calculated at 5% of prior year's total payroll. From August to December 2016, the proportion of contribution from the enterprise has decreased to 0.5% of the total payroll of prior year. Since January 2017, the payment was calculated at 8% of prior year's total payroll.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

22. Taxes payable

	2017	2016
VAT	**229,287.12**	351,407.02
Enterprise income tax	**90,622,484.71**	29,857,892.61
Individual income tax	**10,925,227.91**	4,307,096.05
City maintenance and construction tax	**21,613.41**	44,880.52
Education surcharge	**15,438.16**	32,057.50
Others	**112,685.56**	137,133.85
	101,926,736.87	34,730,467.55

23. Interest payable

	2017	2016
Interest on bank borrowings	**11,080,299.21**	15,296,378.10

24. Dividends payable

	2017	2016
HPG	**151,626,403.90**	–
Daqin Railway Co., Ltd.	**2,137,500.00**	–
China Shipping (Group) Company	**2,071,879.40**	–
China Life Investment Holding Company Limited	**2,071,879.40**	–
Shougang Group	**2,071,879.40**	–
Beijing Enterprises Group Company Limited	**2,071,879.40**	–
Datong Coal Mine Group Co., Ltd.	**2,071,879.40**	–
Hebei Construction & Investment Communications Investment Co., Ltd.	**10,493,337.85**	–
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	**31,072,774.25**	–
Qinhuangdao Port Management Office of the People's Government of Shanxi Province	**1,526,938.20**	–
China Merchants Securities Co., Ltd	**2,761,598.80**	–
Overseas shareholders	**41,493,085.49**	608.34
Domestic holders of A shares	**27,900,000.00**	–
	279,371,035.49	608.34

V. Notes to Key Items of the Consolidated Financial Statements (continued)

25. Other Payables

	2017	2016
Engineering equipment expenses	881,545,918.90	1,165,832,001.92
Sewage charges of dust	49,843,605.96	46,866,685.90
Others	39,458,897.69	31,924,935.35
	970,848,422.55	1,244,623,623.17

As at 31 December 2017, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	517,852,998.18	Not yet settled

As at 31 December 2016, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	748,345,572.03	Not yet settled

26. Non-current liabilities due within one year

	2017	2016
Long-term borrowings due within one year (Note V, 27)	333,524,000.00	1,056,586,108.28
Long-term payables due within one year (Note V, 28)	400,000.00-	
	333,924,000.00	1,056,586,108.28

27. Long-term borrowings

	2017	2016
Unsecured borrowings	6,824,014,492.98	9,721,402,456.98
Less: long-term borrowings due within one year	333,524,000.00	1,056,586,108.28
Non-current portion	6,490,490,492.98	8,664,816,348.70

As at 31 December 2017, the interest rate of the above borrowings ranged from 4.28%-5.15% per annum (31 December 2016: 4.28%-6.15%)

V. Notes to Key Items of the Consolidated Financial Statements (continued)

27. Long-term borrowings (continued)

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

	2017	2016
Within 1 year (including 1 year) or repayable on demand	**333,524,000.00**	1,056,586,108.28
Within 2 years (including 2 years)	**615,418,949.00**	845,665,434.98
Within 3 to 5 years (including 3 years and 5 years)	**2,461,067,198.00**	3,032,716,648.60
Over 5 years	**3,414,004,345.98**	4,786,434,265.12
	6,824,014,492.98	9,721,402,456.98

28. Long-term payables

	31 December 2017	31 December 2016
Long-term payables	**239,600,000.00**	–
Including: amount due within one year	**400,000.00**	–
Non-current portion	**239,200,000.00**	–

The Group recognized the corresponding equity payables of RMB239.6 million under the equity repurchase commitment with Tangshan Jingtang Railway Co., Ltd. during the year.

The long-term payables of the Group expected to be paid in the future:

	2017	2016
Within 1 year (including 1 year) or repayable on demand	**400,000.00**	–
Within 2 years (including 2 years)	**400,000.00**	–
Within 3 to 5 years (including 3 years and 5 years)	**202,800,000.00**	–
Over 5 years	**36,000,000.00**	–
	239,600,000.00	–
Less: amount due within one year	**400,000.00**	–
Long-term payables	**239,200,000.00**	–

V. Notes to Key Items of the Consolidated Financial Statements (continued)

29. Long-term Employee Remuneration Payables

Other long-term employee benefits

	2017	2016
Early retirement schemes payable	**94,542,324.52**	139,990,311.60
Including: amount due within one year	**45,888,244.27**	68,182,767.76
Non-current portion	**48,654,080.25**	71,807,543.84

Change in early retirement schemes payable are as follows:

	2017	2016
Early retirement schemes		
Opening balance	**139,990,311.60**	127,025,459.69
Increase in the year	**24,738,724.54**	89,143,394.54
Decrease in the year	**(70,186,711.62)**	(76,178,542.63)
Closing balance	**94,542,324.52**	139,990,311.60

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

	2017	2016
Undiscounted amount		
Within 1 year	**45,888,244.27**	68,182,767.76
1 year to 2 years	**23,422,684.52**	39,870,377.39
2 years to 3 years	**12,741,951.08**	19,340,746.72
Over 3 years	**19,546,819.93**	20,429,585.62
	101,599,699.80	147,823,477.49
Unrecognized financing cost	**(7,057,375.28)**	(7,833,165.89)
	94,542,324.52	139,990,311.60

Due to implementation of institutional reform, the Group has 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.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

30. Estimated liabilities

2017

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pending litigation	–	33,860,000.00	–	33,860,000.00

Note: In January 2018, Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司) ("Cangzhou Bohai Port"), a subsidiary of the Company, received a summons from the Intermediate People's Court of Cangzhou City, Hebei Province, China, in relation to a lawsuit filed against Cangzhou Bohai Port as a defendant by China Construction Sixth Engineering Division Co., Ltd. ("CCSED"). The CCSED alleged that it undertook the construction of Information Center of Huanghua Port of Cangzhou Bohai Port and requested Cangzhou Bohai Port to pay the construction fee for the above project of RMB33,864,106.08 and relevant interests and requested that the litigation fee and maintenance fee shall be borne by Cangzhou Bohai Port.

In accordance with the requirements of the Accounting Standards for Business Enterprises, the Group confirmed the estimated liabilities of RMB33,860,000.00 for the litigation in 2017.

31. Deferred Income

	2017	2016
Government grants in relation to assets		
Special environmental subsidy	189,640,177.15	190,974,176.22
Subsidy for retrofitting of contingency coal storage depot	118,750,000.00	138,250,000.00
Technology center project funds	2,354,166.64	2,437,499.98
Others	58,333.33	68,333.33
Government grants in relation to income Technology center project funds	380,000.00	380,000.00
	311,182,677.12	332,110,009.53

As at 31 December 2017, liabilities items related to government grants are as follows:

	Opening balance	Increase in the year	Recognized in other revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	190,974,176.22	14,852,700.00	16,186,699.07	189,640,177.15	Related to assets
Retrofitting of contingency coal storage depot	138,250,000.00	–	19,500,000.00	118,750,000.00	Related to assets
Technology center project funds	2,437,499.98	–	83,333.34	2,354,166.64	Related to assets
Others	68,333.33	–	10,000.00	58,333.33	Related to assets
Technology center project funds	380,000.00	–	–	380,000.00	Related to income
	332,110,009.53	14,852,700.00	35,780,032.41	311,182,677.12	

V. Notes to Key Items of the Consolidated Financial Statements (continued)

31. Deferred Income (continued)

As at 31 December 2016, liabilities items related to government grants are as follows:

	Opening balance	Increase in the year	Recognized in non-operating revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	191,545,286.11	14,879,700.00	15,450,809.89	190,974,176.22	Related to assets
Retrofitting of contingency coal storage depot	157,750,000.00	–	19,500,000.00	138,250,000.00	Related to assets
Technology center project funds	2,554,166.66	–	116,666.68	2,437,499.98	Related to assets
Others	78,333.33	–	10,000.00	68,333.33	Related to assets
Technology center project funds	300,000.00	80,000.00	–	380,000.00	Related to income
	352,227,786.10	14,959,700.00	35,077,476.57	332,110,009.53	

32. Share Capital

2017

	Number at the beginning of the year	Changes during the year: Issuance of new shares	Others	Subtotal	Number at the end of the year
I. Shares subject to selling restrictions					
1. State-owned shares	621,455,485.00	–	–	–	621,455,485.00
2. Shares held by State-owned legal persons	3,578,103,515.00	–	–	–	3,578,103,515.00
Total of shares subject to selling restrictions	4,199,559,000.00	–	–	–	4,199,559,000.00
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares (Note)	–	558,000,000.00	–	558,000,000.00	558,000,000.00
2. Overseas listed foreign shares	829,853,000.00	–	–	–	829,853,000.00
Total of shares not subject to selling restrictions	829,853,000.00	558,000,000.00	–	558,000,000.00	1,387,853,000.00
Total of shares	5,029,412,000.00	558,000,000.00	–	558,000,000.00	5,587,412,000.00

V. Notes to Key Items of the Consolidated Financial Statements (continued)

32. Share Capital (continued)

2016

	Number at the beginning of the year	Changes during the year			Number at the end of the year
		Issuance of new shares	Others	Subtotal	
I. Shares subject to selling restrictions					
1. State-owned shares	621,455,485.00	–	–	–	621,455,485.00
2. Shares held by State-owned legal persons	3,578,103,515.00	–	–	–	3,578,103,515.00
Total of shares subject to selling restrictions	4,199,559,000.00	–	–	–	4,199,559,000.00
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	–	–	–	–	–
2. Overseas listed foreign shares	829,853,000.00	–	–	–	829,853,000.00
Total of shares not subject to selling restrictions	829,853,000.00	–	–	–	829,853,000.00
Total of shares	5,029,412,000.00	–	–	–	5,029,412,000.00

Note: On 16 August, 2017, the Company issued 558,000,000 A Shares with a par value of RMB1 per share for listing and trading on the Shanghai Stock Exchange.

Meanwhile, according to Reply on the State-owned Equity Management and the Transfer of State-owned Shares of Qinhuangdao Port Co., Ltd. (Ji Guo Zi Fa Chan Quan Guan Li [2015] No.76) issued on 21 August, 2015 and Reply on State-owned Equity Adjustment and the Transfer of State-owned Shares of Qinhuangdao Port Co., Ltd. (Ji Guo Zi Fa Chan Quan Guan Li [2017] No.9) issued on 24 January, 2017 by State-owned Assets Supervision and Administration Commission of People's Government of Hebei Provincial, upon the initial domestic and public offering of the Company, the original promoters of the Company, i.e. HPG, State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City, Hebei Jiantou Traffic Investment Co., Ltd., China Shipping (Group) Corporation, China Life Investment Holdings Co., Ltd., Shougang Group Co., Ltd., Beijing Holding Group Co., Ltd., Datong Coal Mine Group Co., Ltd., and Qinhuangdao Port Administration Office of Shanxi Provincial People's Government, transferred 55,231,976 State-owned Shares (calculated based on 10% of the issuance cap of 558,000,000 Shares) held by them to the National Social Security Fund Council, among which Daqin Railway Co., Ltd. performed the obligation of State-Owned Share Transfer by cash payment.

The additional registered capital of the Company in the year was verified by Ernst & Young Hua Ming LL, which issued the capital verification report of Ernst & Young Hua Ming (2017) No. 61063699_E01.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

33. Capital Reserve

2017

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium (Note)	**4,499,014,774.98**	**747,720,000.00**	**(50,577,849.29)**	**5,196,156,925.69**
Others	**7,363,053.63**	**–**	**–**	**7,363,053.63**
	4,506,377,828.61	**747,720,000.00**	**(50,577,849.29)**	**5,203,519,979.32**

Note: During the year, the Company publicly issued A Shares to raise fund, with a par value of RMB1 per A Share and an issuance price of RMB2.34 per A Share. The portion of the issuance price above the par value is included in the share premium. Meanwhile, the Company will offset the share premium with the issuance expense directly related to the A Share issuance.

2016

	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	–	(525,284.20)	7,363,053.63
	4,506,903,112.81	–	(525,284.20)	4,506,377,828.61

34. Special Reserve

2017

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety expense	**18,615,022.77**	**56,552,248.32**	**(23,734,105.53)**	**51,433,165.56**

2016

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety expense	10,884,608.51	72,633,833.05	(64,903,418.79)	18,615,022.77

Pursuant to the Notice on Issue of Administrative Measures of Withdrawal and Use of Corporate Production Safety Expenses (《關於印發＜企業生產安全費用提取和使用管理辦法＞的通知》) (Cai Qi [2012] No.16) issued by the Ministry of Finance of the PRC together with the State Administration of Work Safety, the Group started to accrue the safety production expenses from 2012.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

35. Surplus Reserve

2017

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	**1,044,974,250.76**	**95,556,658.07**	**–**	**1,140,530,908.83**

2016

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	1,015,722,853.98	29,251,396.78	–	1,044,974,250.76

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.

36. Retained Profits

	2017	2016
Retained profits at the beginning of the year	**832,687,475.08**	1,251,321,607.34
Net profit attributable to shareholders of the parent	**962,970,848.73**	365,029,064.52
Less: Appropriation to statuary surplus reserve	**95,556,658.07**	29,251,396.78
Cash dividend payable for common shares (Note)	**279,370,600.00**	754,411,800.00
Retained profits at the end of the year	**1,420,731,065.74**	832,687,475.08

Note: Pursuant to the Resolution on 2016 Profit Distribution considered and approved at the sixteenth meeting of the third session of the Board of Qinhuangdao Port Co., Ltd. held on 27 October 2017, the Company proposed to pay a cash dividend totaling RMB279,370,600.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.05 per share (inclusive of tax). The abovementioned proposal was approved on the First Extraordinary General Meeting held on 20 December 2017.

Pursuant to the Resolution on 2015 Profit Distribution deliberated at the fourth meeting of the third 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 proposal was approved on the Annual General Meeting held on 16 June 2016.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

37. Operating Revenue and Cost

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

	2017	2016
Revenue from the principal operations	**7,025,946,415.55**	4,904,260,244.47
Revenue from other operations	**7,302,333.56**	6,746,175.27
	7,033,248,749.11	4,911,006,419.74

	2017	2016
Cost of the principal operations	**4,525,389,286.11**	3,572,279,935.67
Cost of other operations	**1,995,931.55**	1,157,531.75
	4,527,385,217.66	3,573,437,467.42

Revenue is as follows:

	2017	2016
Revenue from service in relation to coal and relevant products	**5,210,348,137.77**	3,530,506,462.24
Revenue from service in relation to metal ore and relevant products	**1,212,162,376.34**	775,774,688.40
Revenue from service in relation to general and other cargoes	**176,418,176.52**	178,787,790.27
Revenue from container service	**103,654,855.85**	134,147,860.30
Revenue from service in relation to liquefied cargoes	**66,975,920.37**	65,560,843.64
Revenue from others	**263,689,282.26**	226,228,774.89
	7,033,248,749.11	4,911,006,419.74

38. Tax and Surcharges

	2017	2016
Business tax	**–**	697,372.79
Urban maintenance and construction tax and education surcharge	**21,059,439.54**	17,311,931.50
Land use tax	**60,617,391.69**	42,243,871.34
Real estate tax	**13,040,245.76**	5,657,621.81
Stamp duty	**2,167,383.26**	1,031,225.64
Vehicles and vessels use tax	**661,952.42**	236,465.10
	97,546,412.67	67,178,488.18

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

V. Notes to Key Items of the Consolidated Financial Statements (continued)

39. Administrative Expenses

	2017	2016
Payroll and cost of outsourcing labor	675,428,861.86	504,622,307.03
Depreciation and amortization	56,613,387.88	58,379,208.49
Repair and maintenance expenses	29,555,412.75	14,713,035.74
Early retirement schemes (Note V, 29)	24,738,724.54	89,143,394.54
Office charges	18,157,169.19	13,233,941.71
Information disclosure and announcement expenses	16,421,741.95	–
Travel expenses	11,305,272.94	8,483,626.63
Rental expenses	10,280,641.15	8,645,617.17
Epidemic prevention expenses	9,147,436.93	9,459,139.23
Business entertainment expenses	7,832,720.92	5,528,777.37
Auditors' remuneration	4,198,113.21	4,198,113.21
Tax expenses	–	19,317,181.26
Others	85,771,571.44	63,991,597.63
	949,451,054.76	799,715,940.01

40. Financial Cost

	2017	2016
Interest expense	442,059,547.29	563,473,101.47
Including: Interest on bank loans wholly repayable within five years	286,977,039.19	392,033,576.44
Other Interest	155,082,508.10	171,439,525.03
Less: Interest income	37,548,241.19	26,280,523.75
Less: Capitalized interest	60,977,478.73	267,688,043.92
Foreign exchange losses/(gains)	12,825,814.83	(11,248,887.43)
Others	375,248.09	312,050.76
	356,734,890.29	258,567,697.13

The amount of capitalized interest for borrowings has been included in construction in progress.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

41. Asset Impairment Loss

	2017	2016
Provision for bad debts	8,531,904.81	(15,903,389.84)
Provision for impairment of long-term equity investment	20,800,000.00	–
	29,331,904.81	(15,903,389.84)

42. Investment Income

	2017	2016
Dividend income on holding available-for-sale financial assets	4,172,048.94	5,636,502.00
Investment income generated from disposal of subsidiaries (Note VI, 1)	8,366,280.02	–
Income from long-term equity investments under equity method	101,250,625.55	111,809,735.32
Including: investment income from associates	143,346,277.47	121,890,329.33
investment income from joint ventures	(42,095,651.92)	(10,080,594.01)
Interest income from financial products	4,649,180.39	3,302,879.04
Investment income from disposal of available-for-sale financial assets	367,153.00	–
	118,805,287.90	120,749,116.36

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

43. Income of Disposal of Assets

	2017	2016
Loss of disposal of intangible assets	4,187,213.00	–

V. Notes to Key Items of the Consolidated Financial Statements (continued)

44. Other Income

The government subsidy related to daily activities are as follows (Note III, 30):

	2017	2016	Related to assets/income
Retrofitting of contingency coal storage depot (Note 1)	**19,500,000.00**	–	Related to assets
Container subsidy (Note 2)	**8,026,400.00**	–	Related to income
Special environmental subsidy (Note 3)	**16,186,699.07**	–	Related to assets
Employment subsidy (Note 4)	**29,115,886.37**	–	Related to income
Others	**1,517,484.27**	–	
	74,346,469.71	–	

Note 1: Such government subsidy was the national special fund received for improving assets such as coal stacker and reclaimer according to the Notice regarding the Central Budget Investment Plan 2011 for the National Coal Emergency Reserve Improvement Project (2011) No. 2327 as promulgated by the National Development and Reform Commission. The subsidy is amortized and transferred to other income in accordance with the depreciation of relevant fixed assets.

Note 2: Such government subsidy was the subsidy for the number of containers recognized by Cangzhou Bohai. According to the Notice on Issue of Preferential Policy for Supporting the Development of Container Industry in Huanghua Port and the Implementation Rules of Grant of Subsidy under the Preferential Policy for the Development of Container Industry in Huanghua Port (《關於印發＜關於支持黃驊港集裝箱產業發展的優惠政策＞的通知》) (Bo Xin Guan Zi [2012] No.25) issued by the Administration Commission of Bohai New Zone in Cangzhou City in March 2012, in order to support the development of container industry in Huanghua Port, subsidy of RMB100 per TEU will be granted to the companies engaged in operation of container terminal based on the container throughput.

Note 3: Such government subsidy was a special subsidy received for acquisition of relevant environmental protection facilities according to the Notice regarding the Sewage Charges on Coal Dust Imposed by the Qinhuangdao Municipal People's Government (Qin Zheng [2006] No. 66). The subsidy is amortized and transferred to other income in accordance with the depreciation of relevant fixed assets.

Note 4: 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 and other relevant documents, the Group received the employment subsidy of RMB29,115,886.37 in 2017.

45. Non-operating Income

	2017	2016	Including 2017 non-recurring gains and losses
Gains from spoilage and obsolescence of non-current assets	**6,026,879.54**	1,261,030.26	6,026,879.54
Government subsidy related to daily activities (Note III, 30)	**–**	135,607,152.97	–
Others	**3,239,592.46**	4,335,711.19	3,239,592.46
	9,266,472.00	141,203,894.42	9,266,472.00

V. Notes to Key Items of the Consolidated Financial Statements (continued)

46. Non-operating Expenses

	2017	2016	Including 2017 non-recurring gains and losses
Losses from spoilage and obsolescence of non-current assets	**5,312,797.89**	1,832,124.80	5,312,797.89
Public welfare donation expenses	**452,000.00**	202,000.00	452,000.00
Pending litigation (Note V, 30)	**33,860,000.00**	–	33,860,000.00
Others	**1,547,439.90**	2,534,035.84	1,547,439.90
	41,172,237.79	4,568,160.64	41,172,237.79

47. Expense by Nature

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

	2017	2016
Payroll and labor costs (Note)	**2,394,034,068.96**	2,015,372,700.48
Depreciation and amortization	**1,188,052,071.19**	1,073,522,729.08
Power and fuel costs	**321,246,074.30**	222,417,877.59
Consumption expense of machinery	**173,797,223.39**	155,581,236.69
Rental expenses	**131,685,498.78**	146,724,198.10
Environmental protection and sewage charges	**192,364,784.12**	142,897,444.80
Repair and maintenance expenses	**692,143,355.64**	276,238,146.37
Tax	**–**	19,317,181.26
Others	**383,590,239.18**	321,196,163.87
	5,476,913,315.56	4,373,267,678.24

Note: Payroll for 2017 included early retirement schemes of RMB24,738,724.54 (2016:RMB89,143,394.54). Please refer to Note V-29 Long-term Employee benefits payable for details.

V. Notes to Key Items of the Consolidated Financial Statements (continued)

48. Income Tax Expense

	2017	2016
Current income tax expenses	**366,158,995.37**	102,717,025.06
Deferred income tax expenses	**(37,592,328.00)**	10,998,756.30
	328,566,667.37	113,715,781.36

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

	2017	2016
Total profit	**1,229,781,004.60**	485,280,796.17
Income tax expenses at the statutory tax rate	**307,445,251.15**	121,320,199.04
Effect of different tax rates of subsidiaries	**(19,686,094.91)**	(12,219.06)
Income not subject to tax	**(1,043,012.24)**	(1,409,125.50)
Investment income from associates and joint ventures	**(25,312,656.39)**	(27,952,433.83)
Expenses not deductible for tax	**25,544,844.70**	5,763,926.96
Utilizing deductible losses not recognized in previous years	**(3,931,695.42)**	(241,673.49)
Unrecognized deductible losses	**38,089,657.27**	6,500,946.51
Unrecognized deductible temporary differences	**(464,443.51)**	55,627.55
Adjustments in respect of income tax of previous periods	**3,194,378.95**	8,518,714.22
Others	**4,730,437.77**	1,171,818.96
Income tax expense at the Group's effective rate	**328,566,667.37**	113,715,781.36

V. Notes to Key Items of the Consolidated Financial Statements (continued)

49. Other Comprehensive Income

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

	1 January 2017	Increase/(decrease)	31 December 2017
Share of other comprehensive income of the investee accounted for using the equity method that will be reclassified to profit or loss	–	15,001.80	15,001.80
Exchange differences arising from translation of foreign currency denominated financial statements	4,623,646.56	(2,935,719.18)	1,687,927.38
	4,623,646.56	(2,920,717.38)	1,702,929.18

	1 January 2016	Increase/(decrease)	31 December 2016
Exchange differences on translation of foreign operations	1,788,437.76	2,835,208.80	4,623,646.56

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

	Amount before tax	Less: Transfer to profit or loss previously recognized	Less: Income tax	Attributable to the parent company	Attributable to minority interest
2017					
Share of other comprehensive income of the investee accounted for using the equity method that will be reclassified to profit or loss	15,001.80	–	–	15,001.80	–
Exchange differences on translation of foreign operations	(2,935,719.18)	–	–	(2,935,719.18)	–
2016					
Exchange differences on translation of foreign operations	2,835,208.80	–	–	2,835,208.80	–

V. Notes to Key Items of the Consolidated Financial Statements (continued)

50. Earnings per Share

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

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

	2017	2016
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**962,970,848.73**	365,029,064.52
Shares		
Weighted average number of ordinary shares in issue	**5,240,381,863**	5,029,412,000

The Company had no dilutive potential ordinary shares in issue during 2017 (2016: nil).

51. Notes to the Statement of Cash Flows

	2017	2016
Cash received relating to other operating activities		
Interest income from bank deposit	**37,548,241.19**	26,280,523.75
Subsidy in relation to income	**69,248,737.30**	81,866,976.40
Others	**19,058,167.62**	12,442,163.42
	125,855,146.11	120,589,663.57
Cash paid relating to other operating activities		
Sewage charges	**189,387,864.06**	155,235,702.27
Rental expenses	**131,685,498.78**	162,877,698.10
Insurance	**30,000,645.56**	36,801,308.21
Management consultancy fee	**13,936,218.79**	13,914,307.01
Sanitary charges, afforestation fee	**11,661,378.95**	11,731,145.12
Travel expenses	**11,238,823.95**	8,483,626.63
Office charges, conference expenses	**10,934,583.86**	7,128,891.57
Donation expenses	**452,000.00**	202,000.00
Banking business fees	**375,248.09**	312,050.76
Selling expenses	**77,043.14**	114,270.81
Others	**69,534,126.18**	75,304,714.05
	469,283,431.36	472,105,714.53

V. Notes to Key Items of the Consolidated Financial Statements (continued)

51. Notes to the Statement of Cash Flows (continued)

	2017	2016
Cash received relating to other investing activities		
The asset-related government grant received	14,852,700.00	14,959,700.00
Payment guarantee deposits received from project construction	215,280.00	–
	15,067,980.00	14,959,700.00
Cash payments relating to other financing activities		
Listing related expense paid	64,470,849.53	2,300,000.00

52. 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:

	2017	2016
Net profit	901,214,337.23	371,565,014.81
Add: Asset impairment loss	29,331,904.81	(15,903,389.84)
Fixed assets depreciation	1,139,579,407.54	1,040,649,720.13
Amortization of intangible assets	47,644,285.47	31,701,395.15
Amortization of investment property	123,500.00	148,200.00
Amortization of long-term deferred expenses	704,878.18	1,023,413.80
Amortization of deferred income	(35,780,032.41)	(35,077,476.57)
Losses on disposal of fixed assets, intangible assets and other long-term assets	3,473,131.35	571,094.54
Financial costs	393,907,883.39	284,536,170.12
Investment income	(118,805,287.90)	(120,749,116.36)
(Increase)/decrease in deferred income tax assets	(37,592,328.00)	10,998,756.30
Decrease/(increase) in inventories	2,219,918.04	(18,105,557.85)
Decrease/(increase) in other current assets	70,109,052.53	(11,008,206.84)
Decrease in operating receivables	(179,258,827.58)	(56,425,317.95)
Increase in operating payables	639,729,755.88	543,690.06
Increase in special reserve	31,793,545.60	4,400,457.55
Net cash flows from operating activities	2,888,395,124.13	1,488,868,847.05

V. Notes to Key Items of the Consolidated Financial Statements (continued)

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

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

Major non-cash investing and financing activities:

	2017	2016
Endorsed bank acceptance notes received from sale of goods or rendering of services	14,153,860.14	58,691,993.64

Net movements in cash and cash equivalents:

	2017	2016
Balances of cash at end of the year	999,146,654.18	1,149,805,681.56
Less: Balances of cash at beginning of the year	1,149,805,681.56	1,376,457,026.65
Net decrease in cash and cash equivalents	(150,659,027.38)	(226,651,345.09)

(2) Information on subsidiaries and other business units disposed

Information on subsidiaries and other business units disposed

	2017	2016
Prices at which subsidiaries and other business units were disposed	578,119,365.14	–
Cash and cash equivalents received from the disposal of subsidiaries and other business units	514,807,012.80	–
Less: Cash and cash equivalents held by subsidiaries and other business units acquired	12,006,241.37	–
Net cash received for the disposal of subsidiaries and other business units	502,800,771.43	–

(3) Cash and Cash Equivalents

	2017	2016
Cash	999,146,654.18	1,149,805,681.56
Including: Cash on hand	480,999.47	278,244.38
Bank deposits on demand	998,665,654.71	1,149,527,437.18
Balance of cash and cash equivalents at the end of the year	999,146,654.18	1,149,805,681.56

V. Notes to Key Items of the Consolidated Financial Statements (continued)

53. Foreign Currency Monetary Items

	2017			2016		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US$	5,207,505.88	6.5342	34,026,579.18	5,206,977.92	6.9370	36,120,415.57
EUR	488.74	7.8023	3,813.30	488.74	7.3068	3,571.13
HK$	233,305,249.33	0.8359	195,022,190.96	236,374,619.10	0.8945	211,439,460.53
Dividend payable						
HK$	49,638,221.21	0.8359	41,493,085.49	680.08	0.8945	608.34
Accounts payable						
US$	42,472.65	6.5342	277,524.79	73,979.71	6.9370	513,197.25
JPY	13,395.40	8.7792	117,600.90	–	–	–
HK$	–	–	–	1,387,552.42	0.8945	1,241,179.52
Other payables						
HK$	61,643.43	0.8359	51,528.37	61,643.43	0.8945	55,140.66
Other receivables						
HK$	520.98	0.8359	435.49	980.08	0.8945	876.69
US$	10,000.00	6.5342	65,341.41	10,000.00	6.9370	69,384.10
Taxes payable						
HK$	28,147.92	0.8359	23,529.13	47,995.92	0.8945	42,932.83

VI. Changes in Consolidation Scope

1. Disposal of subsidiaries

	Place of incorporation	Nature of business	Percentage of total equity held by the Group	Percentage of the Group's voting right	Reason for not being a subsidy of the Group
Cangzhou Bohai Jinji. Container Terminal Co., Ltd	Cangzhou City	Loading and unloading services	100%	100%	Note

Note: Cangzhou Bohai Stevedoring Co., Ltd. (滄州渤海港務有限公司), a subsidiary of the Group, Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) entered into the equity transfer agreements with the Company on 17 May 2017, pursuant to which Cangzhou Bohai Stevedoring Co., Ltd. (滄州渤海港務有限公司) transferred 90% of the equity of Cangzhou Bohai Jinji Container Terminal Co., Ltd. (滄州渤海津冀集裝箱碼頭有限公司) held by Cangzhou Bohai Stevedoring Co., Ltd. to Bohai Jin-Ji Port Investment and Development Company Limited, at the consideration of RMB519,345,418.62. The date of the disposal was 31 May 2017. As such, since 1 June 2017, the Group has not included Cangzhou Bohai Jinji Container Terminal Co., Ltd. in the scope of consolidation. The relevant financial information of Cangzhou Bohai Jinji Container Terminal Co., Ltd. is as follows:

	31 May 2017 Carrying amount	31 December 2016 Carrying amount
Current assets	43,861,017.54	25,270,558.68
Non-current assets	1,532,113,341.79	1,569,781,083.50
Current liabilities	(75,241,176.59)	(63,834,837.16)
Non-current liabilities	(930,900,000.00)	(930,900,000.00)
	569,833,182.74	600,316,805.02
The fair value of investment retained	58,854,044.14	
Gains on disposal	8,366,280.02	
Disposal consideration	519,345,418.62	

	During the period from 1 Jan 2017 to 31 May 2017
Revenue	21,388,808.58
Operating Costs	60,605,452.24
Net loss	(58,991,881.68)

VII. Interests in Other Entities

1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

	Place of principal business	Place of incorporation	Nature of business	Registered capital	Percentage of shareholding	
				RMB'0000	Direct (%)	Indirect (%)
Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company						
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	Qinhuangdao city	Qinhuangdao city	Accessories sales	1,000	100.00	–
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	Qinhuangdao city	Qinhuangdao city	Loading and unloading services	40,000	55.00	–
Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	255,100	96.08	–
Subsidiaries acquired through establishment or investment						
Tangshan Caofeidian Coal Stevedoring 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 Huanghua Port Ore Stevedoring 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) (Note)	Handan city	Handan city	Cargo tallying services	200	–	100.00
Cangzhou Bohai Jinji Container Terminal Co., Ltd. (滄州渤海津冀集裝箱碼頭有限公司) (Note VI, 1)	Cangzhou city	Cangzhou city	Loading and unloading services	10,000	–	100.00
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	100.00	–
Subsidiaries acquired through the merger of enterprises under common control						
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司)	Qinhuangdao city	Qinhuangdao city	Cargo tallying services	1,274	84.00	–

Note: Pursuant to the resolution passed at the general meeting held by Handan Ocean Shipping Tally Co., Ltd. (邯鄲中理理貨有限公司) in June 2017, each shareholder has unanimously agreed to the deregistration of Handan Ocean Shipping Tally Co., Ltd. (邯鄲中理理貨有限公司). The deregistration procedures were completed in September 2017.

VII. Interests in Other Entities (continued)

1. Interests in Subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

2017

	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 Stevedoring Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(54,827,642.71)	–	834,369,142.14

2016

	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 Stevedoring Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	1,585,885.98	–	887,737,734.56

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

	2017	2016
Current assets	305,414,489.63	247,795,124.79
Non-current assets	5,313,235,107.78	5,097,506,158.30
Total assets	5,618,649,597.41	5,345,301,283.09
Current liabilities	799,756,536.80	772,241,272.03
Non-current liabilities	3,116,098,892.98	2,761,350,348.70
Total liabilities	3,915,855,429.78	3,533,591,620.73
Revenue	169,630,437.84	–
Net profit/(loss)	(111,893,148.38)	3,236,502.00
Total comprehensive income	(111,893,148.38)	3,236,502.00
Net cash flows from operating activities	138,586,645.54	–

VII. Interests in Other Entities (continued)

2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capita	Percentage of shareholding (%)		Accounting treatment
				RMB'0000	Direct	Indirect	
Joint ventures							
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Tianjin City	Tianjin City	Investment and development	200,000	50.00	–	Equity method
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) (Note)	Cangzhou City	Cangzhou City	Loading and unloading services	10,000	10.00	45.00	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	150,000	40.00	–	Equity method
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	Tangshan City	Tangshan City	Loading and unloading services	200,000	35.00	–	Equity method
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Qinhuangdao city	Qinhuangdao city	Energy services	5,000	40.00	–	Equity method
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Handan city	Handan city	Logistic services	80,000	–	20.00	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Tangshan City	Tangshan City	Railway construction and operation	140,000	14.29	–	Equity method
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保税區鑫理程理貨有限責任公司)	Tangshan City	Tangshan City	Tally services	300	–	30.00	Equity method
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Cangzhou City	Cangzhou City	Tugging services	40,573.43	–	35.00	Equity method

Note: The name of Cangzhou Bohai Jinji Container Terminal Co., Ltd.* (滄州渤海津冀集裝箱碼頭有限公司) was changed to Jinji International Container Terminal Co., Ltd.* (津冀國際集裝箱碼頭有限公司) in September 2017. According to the Articles of Association of Jinji International Container Terminal Co., Ltd.* (津冀國際集裝箱碼頭有限公司), matters discussed by the Board are subjected to consideration and approval unanimously by all Directors. The Company exerts joint control over Jinji International Container Terminal Co., Ltd.* (津冀國際集裝箱碼頭有限公司), which is accounted for as a joint venture.

VII. Interests in Other Entities (continued)

2. Interests in Joint Ventures and Associates (continued)

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

	2017	2016
Current assets	224,472,656.16	177,841,354.49
Including: Cash and cash equivalents	46,631,301.67	177,836,154.49
Non-current assets	484,799,840.74	643,742.38
Total assets	709,272,496.90	178,485,096.87
Current liabilities	438,100.77	74,304.75
Non-current liabilities	–	–
Total liabilities	438,100.77	74,304.75
Owners' equity	708,834,396.13	178,410,792.12
Share of net assets in proportion to shareholding	354,417,198.06	89,205,396.06
Carrying amount of investment	354,417,198.06	89,205,396.06

	2017	2016
Revenue	–	–
Financial cost – interest income	3,808,836.84	1,473,239.08
Financial cost – interest expense	–	–
Income tax expense	–	–
Net profit/(loss)	(69,576,395.99)	(20,161,188.01)
Total comprehensive income	(69,576,395.99)	(20,161,188.01)

VII. Interests in Other Entities (continued)

2. Interests in Joint Ventures and Associates (continued)

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

2017

	Caofeidian Shiye	Finance Company
Current assets	2,729,915,391.71	3,592,523,519.12
Including: Cash and cash equivalents	509,268,883.41	1,916,786,265.88
Non-current assets	4,472,759,657.30	441,732,464.28
Total assets	7,202,675,049.01	4,034,255,983.40
Current liabilities	1,897,237,903.85	2,454,986,744.48
Non-current liabilities	2,186,967,579.94	12,501.51
Total liabilities	4,084,205,483.79	2,454,999,245.99
Minority interest	43,268,216.36	–
Equity attributable to shareholders of the parent	3,075,201,348.86	1,579,256,737.41
Share of net assets in proportion to shareholding	1,076,320,472.10	631,702,694.96
Carrying amount of investment	1,076,320,472.10	631,702,694.96

	Caofeidian Shiye	Finance Company
Revenue	1,698,341,005.84	115,807,800.46
Financial cost- interest income	6,850,130.81	–
Financial cost- interest expense	173,385,549.46	–
Income tax expense	93,683,940.81	11,364,979.48
Net profit	381,940,976.09	34,440,452.85
Including: Net profit attributable to the parent	379,856,503.69	34,440,452.85
Other comprehensive income	–	37,504.51
Total comprehensive income	381,940,976.09	34,477,957.36
Dividend received	84,000,000.00	–

VII. Interests in Other Entities (continued)

2. Interests in Joint Ventures and Associates (continued)

2016

	Caofeidian Shiye	Finance Company
Current assets	1,986,630,964.96	4,323,026,010.44
Including: Cash and cash equivalents	595,827,049.47	3,106,954,406.97
Non-current assets	5,670,232,830.38	88,449,066.70
Total assets	7,656,863,795.34	4,411,475,077.14
Current liabilities	2,300,675,241.08	3,866,696,297.09
Non-current liabilities	2,387,775,968.57	–
Total liabilities	4,688,451,209.65	3,866,696,297.09
Minority interest	41,183,743.97	–
Equity attributable to shareholders of the parent	2,927,228,841.72	544,778,780.05
Share of net assets in proportion to shareholding	1,024,530,094.60	217,911,512.02
Carrying amount of investment	1,024,530,094.60	217,911,512.02

	Caofeidian Shiye	Finance Company
Revenue	1,459,075,154.66	91,282,423.44
Administrative expense	146,471,291.70	–
Financial cost- interest income	6,318,330.51	–
Financial cost- interest expense	204,533,507.31	–
Income tax expense	69,359,963.12	5,669,695.22
Net profit	348,259,660.31	16,913,302.89
Including: Net profit attributable to the parent	349,378,711.95	16,913,302.89
Other comprehensive income	–	–
Total comprehensive income	348,259,660.31	16,913,302.89
Dividend received	105,000,000.00	–

VII. Interests in Other Entities (continued)

2. Interests in Joint Ventures and Associates (continued)

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

	2017	2016
Joint ventures		
Total carrying amount of investment	54,246,590.22	–
Total amount of the following items calculated in the Group's equity proportion		
Net profit/(loss)	(7,307,453.92)	–
Total comprehensive income	(7,307,453.92)	–
Associates		
Total carrying amount of investment	565,611,005.83	211,574,885.79
Total amount of the following items calculated		
Net profit/(loss)	(3,379,679.96)	(7,157,541.01)
Total comprehensive income	(3,379,679.96)	(7,157,541.01)

VIII. Risks Related to Financial Instruments

1. Financial Instruments by Category

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

Financial assets

	2017		2016	
	Loans and receivables	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets
Cash and bank balances	1,983,285,014.18	–	1,857,032,961.56	–
Bills receivable	330,915,367.80	–	90,586,781.68	–
Accounts receivable	82,993,153.85	–	150,073,233.50	–
Interests receivable	2,508,123.00	–	–	–
Other receivables	7,865,809.26	–	3,521,654.23	–
Other current assets	100,000,000.00	–	–	–
Available-for-sale financial assets	–	709,674,267.95	–	710,376,014.95
	2,507,567,468.09	709,674,267.95	2,101,214,630.97	710,376,014.95

VIII. Risks Related to Financial Instruments (continued)

1. Financial Instruments by Category (continued)

Financial liabilities

	2017 Other financial liabilities	2016 Other financial liabilities
Short-term borrowings	1,300,000,000.00	1,545,000,000.00
Accounts payable	218,205,613.84	102,726,569.27
Interest payable	11,080,299.21	15,296,378.10
Dividends payable	279,371,035.49	608.34
Other payables	921,004,816.59	1,193,825,877.83
Non-current liabilities due within one year	333,924,000.00	1,056,586,108.28
Long-term borrowings	6,490,490,492.98	8,664,816,348.70
Long-term payables	239,200,000.00	–
	9,793,276,258.11	12,578,251,890.52

2. Transfer of Financial Assets

Continuing involvement in transferred financial assets derecognized generally

As at 31 December 2017, the Group has endorsed bank acceptance notes with a carrying amount of RMB14,067,335.00 (31 December 2016: RMB59,155,255.64) to suppliers to settle the amounts payable. As at 31 December 2017, 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 the acceptance banks of these notes were four major state-owned banks in the PRC, and the potential risk of being subject to recourse due to the banks' inability to pay was low. Therefore, the Group has derecognized carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

In 2017 and 2016, the Group did not recognize 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 derecognized. The endorsement happens evenly throughout the year. ◦

VIII. 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 policies employed by the Group are summarized below.

Credit risk

The Group trades only with recognized 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 recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 31 December 2017,there is a concentration of specific credit risk within the Group as 28% and 77% (31 December 2016: 39% and 67%) of the Group's accounts receivables were due from the largest customer and the five largest customers respectively. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

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

As at 31 December 2017 and 31 December 2016, 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.

VIII. 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 31 December 2017, 20% (31 December 2016: 23%) of the Group's interest-bearing liabilities are due within one year.

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

2017

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	–	218,205,613.84	–	–	218,205,613.84
Interest payable	–	11,080,299.21	–	–	11,080,299.21
Dividends payable	435.49	279,370,600.00	–	–	279,371,035.49
Other payables	39,458,897.69	881,545,918.90	–	–	921,004,816.59
Short-term borrowings	–	1,325,835,737.50	–	–	1,325,835,737.50
Non-current liabilities due within one year	–	343,427,202.79	–	–	343,427,202.79
Long-term borrowings	–	295,787,290.23	3,958,955,668.19	3,782,151,637.28	8,036,894,595.70
Long-term payables	–	476,933.33	264,545,568.89	38,519,533.33	303,542,035.55
	39,459,333.18	3,355,729,595.80	4,223,501,237.08	3,820,671,170.61	11,439,361,336.67

2016

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	–	102,726,569.27	–	–	102,726,569.27
Interest payable	–	15,296,378.10	–	–	15,296,378.10
Dividends payable	608.34	–	–	–	608.34
Other payables	27,993,875.91	1,165,832,001.92	–	–	1,193,825,877.83
Short-term borrowings	–	1,578,144,504.79	–	–	1,578,144,504.79
Non-current liabilities due within one year	–	1,082,472,113.65	–	–	1,082,472,113.65
Long-term borrowings	–	461,379,616.89	5,190,381,952.55	5,626,057,730.76	11,277,819,300.20
	27,994,484.25	4,405,851,184.62	5,190,381,952.55	5,626,057,730.76	15,250,285,352.18

VIII. 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
2017				
RMB	**50**	**(29,715,054.35)**	**–**	**(29,715,054.35)**
RMB	**(50)**	**29,715,054.35**	**–**	**29,715,054.35**
2016				
RMB	50	(30,705,712.50)	–	(30,705,712.50)
RMB	(50)	30,705,712.50	–	30,705,712.50

VIII. Risks Related to Financial Instruments (continued)

3. Risks Arising from Financial Instruments (continued)

Market risk (continued)

Exchange rate risk

The Group's exposure to the exchange rate risk relates primarily to the Group's foreign currency bank deposits. 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
2017				
If the RMB strengthens against the HK$	**1%**	**(1,091,626.72)**	**(59,458.38)**	**(1,151,085.10)**
If the RMB strengthens against the US$	**1%**	**(253,607.97)**	**–**	**(253,607.97)**
If the RMB weakens against the HK$	**(1%)**	**1,091,626.72**	**59,458.38**	**1,151,085.10**
If the RMB weakens against the US$	**(1%)**	**253,607.97**	**–**	**253,607.97**
2016				
If the RMB strengthens against the HK$	1%	(1,512,081.90)	(63,993.66)	(1,576,075.56)
If the RMB strengthens against the US$	1%	(267,574.52)	–	(267,574.52)
If the RMB weakens against the HK$	(1%)	1,512,081.90	63,993.66	1,576,075.56
If the RMB weakens against the US$	(1%)	267,574.52	–	267,574.52

VIII. Risks Related to Financial Instruments (continued)

4. Capital Management

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

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. During 2017 and 2016, there was no change in the Group's capital management objectives, policies or processes.

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

	2017	2016
Accounts payable	218,205,613.84	102,726,569.27
Other payables	970,848,422.55	1,244,623,623.17
Short-term borrowings	1,300,000,000.00	1,545,000,000.00
Non-current liabilities due within one year	333,924,000.00	1,056,586,108.28
Long-term borrowings	6,490,490,492.98	8,664,816,348.70
Long-term payables	239,200,000.00	–
Less: Cash and bank balances	1,983,285,014.18	1,857,032,961.56
Net debt	7,569,383,515.19	10,756,719,687.86
Equity attributable to shareholders of the parent company	13,405,330,048.63	11,436,690,223.78
Capital and net debt	20,974,713,563.82	22,193,409,911.64
Net debt to equity ratio	36%	48%

IX. Disclosure of Fair Value

Fair Value Estimation

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

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

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

The fair values of long-term loans are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 31 December 2017 and 31 December 2016, the Group's exposure to non-performance risk associated with the long-term borrowings is assessed as insignificant.

X. Related Party Relationships and Transactions

1. Parent Company

	Proportion of Registration	Nature of business	Registered capital RMB	Proportion of shareholding (%)	Proportion of votes (%)
HPG	Tangshan city	Integrated port service	8 billion	54.27	54.27

HPG is the ultimate holding company of the Company.

2. Subsidiaries

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

3. Joint Ventures and Associates

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

X. Related Party Relationships and Transactions (continued)

4. Other Related Parties

Company name	Relationship with related parties
Hebei Port Group Port Engineering Limited (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
Cangzhou Bohai New Area Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Blue Harbour International Travel Service Co., Ltd. (秦皇島市藍港國際旅行社有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Gangyun Conference Service Co., Ltd. (秦皇島港韻會議服務有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group Restaurant Management Co., Ltd. (河北港口集團餐飲管理有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	A subsidiary of the controlling shareholder
China Ocean Shipping Agency Qinhuangdao Co.,Ltd. (中國秦皇島外輪代理有限公司)	A subsidiary of the controlling shareholder
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	A subsidiary of the controlling shareholder
Cangzhou Bohai New Zone Far Trans Shipping Agency Company Co.,Ltd. (滄州渤海新區泛航船務代理有限公司)	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
Qinhuangdao Ocean Shipping 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
Qinhuangdao Kezheng Engineering Testing Co., Ltd. (秦皇島科正工程檢測有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Yida Geotechnical Engineering Co., Ltd. (秦皇島易達岩土工程有限公司)	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區之海船務代理有限公司)	A subsidiary of the controlling shareholder
Hebei Junyue Security Evaluation Consulting Co., Ltd. (河北君越安全評價諮詢有限公司)	A subsidiary of the controlling shareholder

X. Related Party Relationships and Transactions (continued)

4. Other Related Parties (continued)

Company name	Relationship with related parties
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	A subsidiary of the controlling shareholder
Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group International (Hong Kong) Co., Ltd. (河北港口集團國際（香港）有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司) (Note 1)	Other enterprises affected by the controlling shareholder
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	Other enterprises affected by the controlling shareholder
Qinhuangdao Yijia Shipping Agency Co., Ltd. (秦皇島益嘉船務代理有限公司) (Note 2)	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
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	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) (Note 2)	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) (Note 2)	Other related party *
Shenhua Huanghua Harbor Administration Corp. Ltd. (神華黃驊港務有限責任公司)	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. (大秦鐵路股份有限公司)	Other related party **
Bank of Hebei Co., Ltd. (河北銀行股份有限公司)	Other related party ***

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

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

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

Note 1： The original Qinhuangdao Yonghui Petroleum Co., Ltd. was renamed Qinhuangdao Huibo Petroleum Co., Ltd. in November 2017.

Note 2： The company no longer constitutes a related party of the Group since the beginning of 2017.

X. Related Party Relationships and Transactions (continued)

5. Major Transactions between the Group and Related Parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services (Note 1)	2017	2016
Transactions with the parent company			
HPG	Integrated service (Note 2)	69,181,025.79	45,753,225.49
Transactions with other related parties			
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Construction service	238,891,958.77	194,398,195.91
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Repair and maintenance service	187,727,992.48	88,943,727.96
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Logistics service	15,554,636.64	11,800,129.12
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Examination and test services	10,184,692.62	3,691,422.71
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Logistics service	11,967,755.36	10,266,274.76
Hebei Port Group Restaurant Management Co., Ltd. (河北港口集團餐飲管理有限公司)	Logistics service	5,313,299.29	10,982,781.63
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	Repair and maintenance service	2,235,419.07	1,733,153.80
Cangzhou Bohai New Area Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司)	Construction service	1,904,761.82	9,657,142.73
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Logistics service	–	1,035,900.00
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	Logistics service	594,156.38	6,421.40
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	Logistics service	579,611.33	546,731.65
Hebei Junyue Security Evaluation Consulting Co., Ltd. (河北君越安全評價諮詢有限公司)	Consultation service	249,056.61	–
Qinhuangdao Yida Geotechnical Engineering Co., Ltd. (秦皇島易達岩土工程有限公司)	Construction service and labor services	244,472.00	325,734.95
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	Labor services	113,207.54	169,811.32
Qinhuangdao Gangyun Conference Service Co., Ltd. (秦皇島港韻會議服務有限公司)	Logistics service	18,394.76	9,000.00
Qinhuangdao Blue Harbour International Travel Service Co., Ltd. (秦皇島市藍港國際旅行社有限公司)	Logistics service	4,385.00	11,395.00
Bank of Hebei Co., Ltd. (河北銀行股份有限公司)	Financial settlement Service	–	295.42
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Logistics service	–	8,535.22
Qinhuangdao Kezheng Engineering Testing Co., Ltd. (秦皇島科正工程檢測有限公司)	Examination and test services	1,033.02	36,504.26
		475,584,832.69	333,623,157.84
		544,765,858.48	379,376,383.33

Note 1: 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.

Note 2: Integrated service represents the General Services Agreement entered into by the Group and HPG. The scope of services includes office leasing, port engineering maintenance, supervising, maintenance and repair of equipment, water and electricity, heat supply and communication etc.

X. Related Party Relationships and Transactions (continued)

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

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

Sales of goods and render of services to related parties

	Type of goods or services (Note)	2017	2016
Transactions with the parent company			
HPG	Electricity supply service etc.	6,813,196.88	5,721,810.53
Transactions with joint ventures and associates			
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Labor services	2,533,976.95	3,133,025.21
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	Electricity supply service	2,466,633.30	–
Tangshan Caofeidian Coal Stevedoring Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Labor services	1,810,996.23	3,532,977.25
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Electricity supply, Labor services and sampling services	1,475,651.70	3,840,288.14
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Labor services and electricity supply service	793,501.46	887,738.17
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Labor services	738,460.68	179,056.44
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	86,107.76	100,022.08
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	sampling services	29,126.21	290,211.09
		9,934,454.29	11,963,318.38
Transactions with other related parties			
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	Loading and unloading service	–	45,801,936.16
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Sales of goods	16,735,864.18	6,156,073.37
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	Sales of goods	16,093,910.37	–
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	Sales of goods and tallying service	13,056,826.28	11,747,923.79
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	Sales of goods	2,767,871.69	18,755,324.15
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Equipment sales and draft survey service	2,572,513.45	5,282,911.31
Qinhuangdao Sea View (秦皇島海景酒店有限公司)	Electricity supply service	2,249,049.42	2,554,293.48
Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	Sales of goods	1,833,554.73	–
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Electricity supply service and loading and unloading service	1,827,070.40	284,654.20
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Electricity supply service etc.	937,955.34	848,252.26
Shenhua Huanghua Harbor Administration Corp. (Ltd) (神華黃驊港務有限責任公司)	Equipment sales	653,200.00	406,807.95
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	–	647,555.67
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Labor services and electricity supply service	546,142.19	995,402.80
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Electricity supply service	411,412.40	254,849.21
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Electricity supply service	401,529.94	385,325.15

X. Related Party Relationships and Transactions (continued)

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

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

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

	Type of goods or services (Note)	2017	2016
Transactions with other related parties (continued)			
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	Electricity supply service	224,388.99	230,512.58
Hebei Port Group Restaurant Management Co., Ltd. (河北港口集團餐飲管理有限公司)	Electricity supply service	87,765.11	100,133.01
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Electricity supply service	63,687.41	83,610.80
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Electricity supply service	13,896.81	17,308.69
		60,476,638.71	94,552,874.58
		77,224,289.88	112,238,003.49

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.

(2) Leases with related parties

As lessor

	Category of Leased assets	Rental income in 2017	Rental income in 2016
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Land use right	968,641.44	2,310,810.81
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	Machinery and Equipment	759,877.06	784,629.39
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Land use right	181,556.76	188,177.37
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Land use right	78,137.84	61,908.89
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Building	49,523.81	50,349.19
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	19,707.70	–
HPG	Machinery and Equipment and building	18,392.38	17,398.20
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Machinery and Equipment	10,476.19	–
Total		2,086,313.18	3,413,273.85

X. Related Party Relationships and Transactions (continued)

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

(2) Leases with related parties (continued)

As lessee

	Category of Leased assets	Rental income in 2017	Rental income in 2016
HPG	Buildings and harbor facilities	80,904,568.45	88,156,514.22
HPG	Office buildings	17,325,657.86	19,105,258.79
HPG	Machinery and equipment	6,626,772.40	7,304,327.96
HPG	Vehicle	1,982,179.81	2,770,966.21
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Building	12,568.40	25,136.79
Total		106,851,746.92	117,362,203.97

According to the Group and HPG entered into the lease contracts in 2017, respectively, pursuant to which the Group leased the land, buildings and port facilities from HPG for production and operation, In 2017, the actual relevant lease expenses incurred amounted to RMB106,839,178.52.

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.

(3) Borrowings from related parties

2017	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)	45,000,000.00	Benchmark interest rate 10% lower	18 April 2016	17 April 2021

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	19 June 2017
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	3,000,000.00	4.13%	29 September 2016	28 September 2017
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	40,000,000.00	3.92%	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	Benchmark interest rate 10% lower	18 April 2016	17 April 2021

Interest expenses paid

	2017	2016
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	2,790,604.79	3,547,077.49

X. Related Party Relationships and Transactions (continued)

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

(4) Key management personnel

	2017	2016
Remuneration for key management personnel	4,583,190.33	5,314,695.57

(5) Transactions with other related parties

Trademark use right

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

Deposits in related parties

As at 31 December 2017, the balance of the Group's deposits in Finance Company amounted to RMB1,340,881,281.98 (31 December 2016: RMB1,242,684,642.93). The interest income received from the Finance Company amounted to RMB27,920,198.92 in 2017 (2016: RMB20,225,114.60).

As at 31 December 2017 and 2016, the Company had no deposit in Bank of Hebei Co., Ltd.. In 2017, the Group did not receive interest income from Bank of Hebei Co., Ltd.. (2016: RMB18,437.76).

Agency business

Related agencies 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 related agencies serving non-related third parties and the Group:

	2017	2016
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	214,060,080.53	–
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	133,895,400.32	84,303,489.28
China Ocean Shipping Agency Qinhuangdao (中國秦皇島外輪代理有限公司)	24,821,801.47	32,305,992.32
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	19,369,513.23	36,616,140.79
Huanghua Foreign Ships Agency Co., Ltd.(黃驊港外輪代理有限公司)	3,306,738.09	3,495,068.20
Cangzhou Bohai New Zone Far Trans Shipping Agency Company (滄州渤海新區泛航船務代理有限公司)	914,943.25	1,275,332.56
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	229,689.88	456,080.38
Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (曹妃甸工業區之海船務代理有限公司)	1,501.88	2,441.51
Qinhuangdao Yijia Shipping Agency Co., Ltd. (秦皇島益嘉船務代理有限公司)	–	1,521,735.80
	396,599,668.65	159,976,280.84

X. Related Party Relationships and Transactions (continued)

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

(5) Transactions with other related parties (Continued)

Equity Transfer of Related Parties

On 17 May 2017, Cangzhou Bohai Stevedoring Co., Ltd. (滄州渤海港務有限公司), a subsidiary of the Group, transferred 90% equity interests held in Cangzhou Bohai Jinji Container Terminal Co., Ltd.* (滄州渤海津冀集裝箱碼頭有限公司) to Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司), a joint venture of the Group. Please refer to Note VI-1 for details.

On 7 July 2017, Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司, a subsidiary of the Group, transferred the entire equity interests held in Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司) to HPG, a parent of the Group. Please refer to Note V-8 for details.

6. Commitments Made between the Group and Related Parties

Capital commitments

	2017	2016
Contracted, but not provided for		
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	4,507,135.12	47,403,490.40
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	8,037,217.00	5,764,483.00
HPG	474,000.00	–
	13,018,352.12	53,167,973.40

Investment commitments

	2017	2016
Contracted, but not provided for		
Tangshan Jingtang Railway Co., Ltd.(唐山京唐鐵路有限公司)	540,000,000.00	780,000,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	600,000,000.00	900,000,000.00
Handan International Land Port Co., Ltd (邯鄲國際陸港有限公司)	–	86,670,000.00
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	–	49,845,800.00
	1,140,000,000.00	1,816,515,800.00

X. Related Party Relationships and Transactions (continued)

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

Lease commitments

	2017	2016
Within 1 year (including 1 year)	93,445,759.00	93,445,759.00
1 to 2 years (including 2 years)	–	93,445,759.00
	93,445,759.00	186,891,518.00

Pursuant to the relevant lease contracts, the aforementioned minimum lease payments under non-cancellable leases on 31 December 2017 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 RMB93,445,759.00. The rental payable by the Group to the related parties for the lease assets is based on the terms of the agreement entered between the Group and related parties.

7. The Parent Company and Subsidiaries

	2017	2016
Investment in subsidiaries		
Unlisted investments, at cost	5,787,247,006.66	5,787,247,006.66

The amounts due from and to subsidiaries of RMB8,275,104.20 (2016: RMB9,059,481.90) and RMB1,126,620.82 (2016: RMB1,203,709.28) under the items of current assets and current liabilities, respectively, were unsecured, non-interest bearing and repayable on demand.

X. Related Party Relationships and Transactions (continued)

8. Balances of Accounts Due from Related Parties

	2017		2016	
	Carrying Amount	**Provision for bad debts**	Carrying amount	Provision for bad debts
Accounts receivable				
Due from the parent company				
HPG	241,747.00	12,087.35	54,711.15	–
Due from associates				
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	6,036,533.39	6,036,533.39	6,071,103.39	738,533.30
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奥秦港能源儲運有限公司)	68,136.70	3,406.84	30,729.37	–
	6,104,670.09	6,039,940.23	6,101,832.76	738,533.30
Due from other related parties				
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	23,433,014.00	1,171,650.70	15,610,181.00	954.00
China Ocean Shipping Agency Qinhuangdao (中國秦皇島外輪代理有限公司)	16,276,742.00	813,837.10	16,840,248.00	793.80
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	–	–	5,105,273.00	78.10
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	1,309,320.40	65,466.02	1,668,426.50	5,086.50
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	1,381,087.00	69,054.35	5,154,134.00	2,171.50
Qinhuangdao Yijia Shipping Agency Co., Ltd. (秦皇島益嘉船務代理有限公司)	–	–	43,807.00	–
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	405,032.28	25,683.64	2,905,595.65	150,081.53
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	133,556.00	6,677.80	49,172.00	–
Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司)	–	–	66,103.00	–
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	55,640.00	2,782.00	152,633.00	7,631.65
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	32,733.00	1,636.65	2,114.00	–
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	15,797.00	789.85	45,358.00	–
Cangzhou Bohai New Zone Far Trans Shipping Agency Company (滄州渤海新區泛航船務代理有限公司)	–	–	17,465.00	873.25
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	–	–	502,877.00	–
	43,042,921.68	2,157,578.11	48,163,387.15	167,670.33
	49,389,338.77	8,209,605.69	54,319,931.06	906,203.63

X. Related Party Relationships and Transactions (continued)

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

	2017		2016	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables				
Due to the parent company				
HPG	1,068,900.00	53,445.00	–	–
Due from associate				
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	4,538,405.82	226,920.29	–	–
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	1,446,543.02	72,327.15	–	–
Due from other related parties				
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	403,548.00	20,177.40	–	–
	7,457,396.84	372,869.84	–	–

	2017		2016	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Prepayments				
Advances to the parent company				
HPG	–	–	302,553.24	–
Due from other related parties				
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	–	–	2,881.86	–
Hebei Port Group Restaurant Management Co., Ltd. (河北港口集團餐飲管理有限公司)	–	–	92,800.00	–
	–	–	398,235.10	–

X. Related Party Relationships and Transactions (continued)

9. Balances of Accounts Due to Related Parties

	2017	2016
Accounts payable		
Due to the parent company		
HPG	7,186,334.26	687,321.34
Due to other related parties		
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	26,475,926.58	2,761,139.20
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	12,125,552.27	1,423,077.32
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	265,248.00	–
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	24,393.00	2,525.00
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	7,712.00	–
	38,898,831.85	4,186,741.52
	46,085,166.11	4,874,062.86
Other payables		
Due to the parent company		
HPG	34,548,084.60	35,583,375.40
Due to associates		
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	–	460,831.00
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	400.000.00	–
	400.000.00	460,831.00
Due to other related parties		
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	31,866,735.54	103,338,376.31
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	8,886,699.08	9,301,862.58
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	287,307.00	314,597.00
Qinhuangdao Yida Geotechnical Engineering Co., Ltd. (秦皇島易達岩土工程有限公司)	10,500.00	254,972.00
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	1,200.10	13,034,473.25
Qinhuangdao Kezheng Engineering Testing Co., Ltd. (秦皇島科正工程檢測有限公司)	–	18,292.00
	41,052,441.72	126,262,573.14
	76,000,526.32	162,306,779.54

X. Related Party Relationships and Transactions (continued)

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

	2017	2016
Receipts in advance		
Advance from other related parties		
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	3,509,635.50	–
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	2,499,731.10	2,093,591.10
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	1,766,508.40	–
Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	140,432.00	–
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	29,446.00	–
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區之海船務代理有限公司)	15,820.00	17,412.00
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	3,000.00	–
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	–	646,309.00
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	–	132,229.51
	7,964,573.00	2,889,541.61
Interest payable		
Due to associates		
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	58,781.25	112,944.79

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

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

XI. Commitments

	2017	2016
Contracted, but not provided for		
Capital commitments	101,463,438.18	359,519,405.87
Investment commitments	1,140,000,000.00	1,816,515,800.00
	1,241,463,438.18	2,176,035,205.87

XII. Events after the Balance Sheet Date

Pending Litigation

In January 2018, Cangzhou Bohai Port, a subsidiary of the Company, received a subpoena issued by the Intermediate People's Court of Cangzhou City, Hebei Province. Please refer to Note V-30 for details. Preservation measures against the bank deposits of RMB49,598,181.08 of Cangzhou Bohai Port were legally enforced and frozen on 23 January 2018. As of the date of approval for these financial statements, the case is still pending and the above bank deposits remain frozen.

Dividends declared

Pursuant to the Resolution on 2017 Profit Distribution deliberated at the seventeenth meeting of the third session of the Board of the Company held on 29 March 2018, the Company proposed to pay a cash dividend totaling RMB346,419,544.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.62 per 10 shares (tax inclusive). Such proposal was pending approval at the general meeting of the Company.

XIII. Other Important Items

1. Segment Reporting

Operating segments

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

Other information

Information about products and services

For the revenue classified by category, please refer to 37. Operating revenue and cost of Note V.

Geographical information

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

Information about major customers

In 2017, there were two (2016: three) sales customers which individually contributed over 10% of the Group's total revenue. The revenue from such customers were RMB847,228,364.17 and RMB720,587,238.36 respectively(2016: RMB726,267,072.41, RMB614,902,886.09 and RMB577,749,629.58,respectively).

XIII. Other Important Items (continued)

2. Leases

As lessee

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

	2017	2016
Within 1 year (including 1 year)	93,616,159.00	93,698,659.00
1 to 2 years (including 2 years)	170,400.00	93,616,159.00
2 to 3 years (including 3 years)	–	170,400.00
Over 3 years	–	–
	93,786,559.00	187,485,218.00

As lessor

Fixed assets leased under operating leases are mainly port facilities such as stockpiling and machinery equipment leased out by the Group to third parties under the lease contracts renewed on a yearly basis. Please refer to Note V.11 Fixed Assets.

XIII. Other Important Items (continued)

3. Remunerations of Directors, Supervisors and Senior Management

	2017	2016
Fees	400,000.00	400,000.00
Other emoluments:		
Salaries and allowances	3,464,862.77	4,152,789.12
Pension scheme contributions	718,327.56	761,906.45
	4,183,190.33	4,914,695.57
	4,583,190.33	5,314,695.57

(1) Independent non-executive Directors

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

	2017	2016
Lee Man Choi	100,000.00	100,000.00
ZHAO Zhen	100,000.00	100,000.00
HOU Shujin	100,000.00	100,000.00
ZANG Xiuqing	100,000.00	100,000.00
	400,000.00	400,000.00

There were no other remunerations payable to the independent non-executive Directors during the year (2016:nil).

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RMB

XIII. Other Important Items (continued)

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

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

	2017	2016
Salaries and allowances:		
Executive Directors:		
CAO Ziyu	–	–
XING Luzhen*	–	–
TIAN Yunshan*	51,316.18	619,948.95
WANG Lubiao	433,179.16	545,856.86
MA Xiping	433,179.16	545,784.86
YANG Wensheng	451,109.23	–
Non-executive Directors:		
ZHAO Ke*	–	–
LI Jianping	–	–
MI Xianwei	–	–
Supervisors:		
CAO Dong	622,836.32	405,923.02
ZHANG Jun*	–	177,643.47
LIU Simang	–	–
NIE Yuzhong	–	–
BU Zhouqing	–	–
CHEN Linyan	602,915.55	180,444.13
	2,594,535.60	2,475,601.29

* Mr Xing Luzhen, Mr. Tian Yunshan and Mr. Zhao Ke resigned from the relevant positions in October 2016, February 2017 and October 2016 respectively.

XIII. Other Important Items (continued)

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

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

	2017	2016
Pension scheme contributions:		
Executive Directors:		
CAO Ziyu	–	–
XING Luzhen	–	–
TIAN Yunshan	18,446.16	107,049.22
WANG Lubiao	108,208.92	103,860.70
MA Xiping	106,251.84	103,160.48
YANG Wensheng	106,968.36	–
Non-executive Directors:		
ZHAO Ke	–	–
LI Jianping	–	–
MI Xianwei	–	–
Supervisors:		
CAO Dong	81,747.96	77,905.86
ZHANG Jun	–	50,890.32
LIU Simang	–	–
NIE Yuzhong	–	–
BU Zhouqing	–	–
CHEN Linyan	74,348.04	16,690.23
	495,971.28	459,556.81

* Mr. Zhang Jun resigned from the relevant position in September 2016.

XIII. Other Important Items (continued)

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

(3) Senior Management

	2017	2016
Salaries and allowances:		
HE Zhenya	**437,136.46**	586,424.79
YANG Wensheng	**–**	544,378.18
GUO Xikun	**433,190.71**	546,384.86
	870,327.17	1,677,187.83
Pension scheme contributions:		
HE Zhenya	**115,419.60**	104,230.59
YANG Wensheng	**–**	94,756.07
GUO Xikun	**106,936.68**	103,362.98
	222,356.28	302,349.64

There was no agreement under which a director, supervisor or senior management waived or agreed to waive any remuneration during the year (2016: nil).

4. Five Highest Paid Senior Management

The five highest paid employees during the year included two Directors (2016: three) and two Supervisors (2016: nil), details of whose remuneration are set out in 3. Remunerations of Directors, Supervisors and Senior Management of Note XIII. Details of remunerations of the remaining one non-director and non-supervisor employees (2016: two) during the year are as follows:

	2017	2016
Salaries and allowances	**437,136.46**	1,132,809.65
Pension scheme contributions	**115,419.60**	207,593.57
	552,556.06	1,340,403.22

There was no agreement under which a director or senior management waived or agreed to waive any remuneration during the year.

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

	Number of employees	
	2017	2016
Nil to RMB1,000,000	**1**	2

XIV. Notes to Key Items of the Company's Financial Statements

1. Accounts Receivable

	2017	2016
Within 1 year	66,589,510.48	71,709,253.07
1 year to 2 years	3,723,170.59	17,906,273.83
2 years to 3 years	17,001,849.80	55,985,571.70
Over 3 year	20,826,345.94	1,655,441.05
	108,140,876.81	147,256,539.65
Less: Provision for bad debts of account receivables	33,293,467.71	23,881,717.89
	74,847,409.10	123,374,821.76

Changes in the provision for bad debts of account receivables are as follows:

	Opening balance	Provided in the year	Reversed in the year	Write-off in the year	Closing balance
2017	23,881,717.89	10,988,626.22	–	(1,576,876.40)	33,293,467.71
2016	14,813,217.51	9,068,500.38	–	–	23,881,717.89

The classification of account receivables is disclosed as follows:

	2017				2016			
	Bank balance		Provision for bad debts		Bank balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Provision for bad debts are collectively made on the basis of credit risk characteristics	102,104,343.42	94	27,256,934.32	82	147,256,539.65	100	23,881,717.89	100
Receivables that are individually insignificant but for which provision for bad debts were individually made	6,036,533.39	6	6,036,533.39	18	–	–	–	–
	108,140,876.81	100	33,293,467.71	100	147,256,539.65	100	23,881,717.89	100

XIV. Notes to Key Items of the Company's Financial Statements (continued)

1. Accounts Receivable (Continued)

As at 31 December, 2017, the receivables that are individually insignificant but for which provision for bad debts were individually made are as follows (31 December, 2016: nil):

	Carrying amount	Provision for bad debts	Percentage of provision	Reason for provision
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	6,036,533.39	6,036,533.39	100.00%	Rising credit risk

As at 31 December 2017 and 31 December 2016, 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.

The accounts receivables of provision for bad debts by credit risk characteristics are as follows:

	2017				2016			
	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								
Within 1 year	66,589,510.48	65.22	3,329,475.52	5	71,709,253.07	48.70	3,585,462.65	5
1 to 2 years	845,826.20	0.83	84,582.62	10	17,906,273.83	12.16	1,790,627.38	10
2 to 3 years	15,465,900.80	15.15	4,639,770.24	30	55,985,571.70	38.02	16,850,186.81	30
Over 3 years	19,203,105.94	18.80	19,203,105.94	100	1,655,441.05	1.12	1,655,441.05	100
	102,104,343.42	100.00	27,256,934.32		147,256,539.65	100.00	23,881,717.89	

XIV. Notes to Key Items of the Company's Financial Statements (continued)

2. Available-for-sale Financial Assets

	2017	2016
Unlisted investment		
Available-for-sale equity instruments	562,752,357.95	562,752,357.95

As at 31 December 2017 and 2016, the domestic unlisted equity investments held by Group were measured at cost. The Group has no intention to dispose of these investments. The specific details are as follows:

Name of investee	31 December 2016	Increase in the year	Decrease in the year	31 December 2017
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	498,000,000.00	–	–	498,000,000.00
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	34,000,000.00	–	–	34,000,000.00
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	30,752,357.95	–	–	30,752,357.95
Total	562,752,357.95	–	–	562,752,357.95

Name of investee	31 December 2015	Increase in the year	Decrease in the year	31 December 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

XIV. Notes to Key Items of the Company's Financial Statements (continued)

3. Long-term Equity Investments

2017

	Opening balance	Changes in the year: Increase in Investment	Changes in the year: Investment Income of loss under the equity method	Changes in the year: Other Comprehensive Income	Changes in the year: Other changes in equity	Changes in the year: Distribution of cash dividend	Changes in the year: Provision of impairment	Closing carrying amount	Year-end provision for impairment
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (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 Stevedoring Co., Ltd. (滄州渤海港務有限公司)	2,464,400,000.00	–	–	–	–	–	–	2,464,400,000.00	–
Tangshan Caofeidian Coal Stevedoring Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	–	–	–	–	–	–	918,000,000.00	–
Cangzhou Huanghua Port Ore Stevedoring Co., Ltd. (滄州黃驊港礦石港務有限公司)	1,930,000,000.00	–	–	–	–	–	–	1,930,000,000.00	–
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	32,500,000.00	–	–	–	–	–	–	32,500,000.00	–
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	–	–	–	–	–	–	49,500,000.00	–
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	–	–	–	–	–	–	56,000,000.00	–
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	–	–	–	–	–	–	40,115,000.00	–
Cangzhou Huanghuagang Coal Oil Port Co., Ltd. (滄州黃驊港煤炭港務有限公司)	50,000,000.00	–	–	–	–	–	–	50,000,000.00	–
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	–	–	–	–	–	–	5,000,000.00	–
Total under cost method	5,787,247,006.66	–	–	–	–	–	–	5,787,247,006.66	–
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	89,205,396.06	300,000,000.00	(34,788,198.00)	–	–	–	–	354,417,198.06	–
Jinji Internal-tional Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	–	61,554,044.14	(7,307,453.92)	–	–	–	–	54,246,590.22	–
Sub-total of joint ventures	89,205,396.06	361,554,044.14	(42,095,651.92)	–	–	–	–	408,663,788.28	–
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	–	–	–	–	–	–	–	–	–
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	217,911,512.02	400,000,000.00	13,776,181.14	15,001.80	–	–	–	631,702,694.96	–
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,024,530,094.60	–	132,949,776.29	–	2,840,601.21	(84,000,000.00)	–	1,076,320,472.10	–
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	800,000.00	–	–	–	–	(20,800,000.00)	–	(20,800,000.00)
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	34,935,192.73	240,000,000.00	(1,406,276.23)	–	–	–	–	273,528,916.50	–
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	5,727,141.22	–	17,657.51	–	–	(2,481,143.20)	–	3,263,655.53	–
Sub-total of associates	1,303,103,940.57	640,800,000.00	145,337,338.71	15,001.80	2,840,601.21	(86,481,143.20)	(20,800,000.00)	1,984,815,739.09	(20,800,000.00)
Total under equity method	1,392,309,336.63	1,002,354,044.14	103,241,686.79	15,001.80	2,840,601.21	(86,481,143.20)	(20,800,000.00)	2,393,479,527.37	(20,800,000.00)
Total	7,179,556,343.29	1,002,354,044.14	103,241,686.79	15,001.80	2,840,601.21	(86,481,143.20)	(20,800,000.00)	8,180,726,534.03	(20,800,000.00)

XIV. Notes to Key Items of the Company's Financial Statements (continued)

3. Long-term Equity Investments (continued)

2016

		Changes in the year				
	Opening balance	Increase in investment	Investment Income or loss under the equity method	Distribution of cash dividend	Other changes in equity	Closing carrying amount
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (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 Stevedoring Co., Ltd. (滄州渤海港務有限公司)	2,360,000,000.00	104,400,000.00	–	–	–	2,464,400,000.00
Tangshan Caofeidian Coal Stevedoring Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	–	–	–	–	918,000,000.00
Cangzhou Huanghua Port Ore Stevedoring Co., Ltd. (滄州黃驊港礦石港務有限公司)	1,930,000,000.00	–	–	–	–	1,930,000,000.00
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	32,500,000.00	–	–	–	–	32,500,000.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	–	–	–	–	49,500,000.00
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	–	–	–	–	56,000,000.00
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛（香港）有限公司)	40,115,000.00	–	–	–	–	40,115,000.00
Cangzhou Huanghuagang Coal Oil Port Co., Ltd. (滄州黃驊港煤炭港務有限公司)	50,000,000.00	–	–	–	–	50,000,000.00
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	–	5,000,000.00	–	–	–	5,000,000.00
Total under cost method	5,677,847,006.66	109,400,000.00	–	–	–	5,787,247,006.66
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	–	(10,080,594.01)	–	–	89,205,396.06
Sub-total of joint ventures	99,285,990.07	–	(10,080,594.01)	–	–	89,205,396.06
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	–	6,765,321.16	–	–	217,911,512.02
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,004,030,593.63	–	122,282,549.18	(105,000,000.00)	3,216,951.79	1,024,530,094.60
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,000,000.00	–	–	–	–	20,000,000.00
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	35,960,996.42	–	(1,025,803.69)	–	–	34,935,192.73
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	4,749,227.99	–	2,756,825.78	(1,778,912.55)	–	5,727,141.22
Sub-total of associates	1,276,819,613.58	–	129,846,287.75	(106,778,912.55)	3,216,951.79	1,303,103,940.57
Total under equity method	1,376,105,603.65	–	119,765,693.74	(106,778,912.55)	3,216,951.79	1,392,309,336.63
Total	7,053,952,610.31	109,400,000.00	119,765,693.74	(106,778,912.55)	3,216,951.79	7,179,556,343.29

XIV. Notes to Key Items of the Company's Financial Statements (continued)

3. Long-term Equity Investments (continued)

Provision for impairment of long-term equity investment:

2017

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	–	20,800,000.00	–	20,800,000.00

4. Operating Revenue and Cost

	2017	2016
Operating revenue	5,308,164,466.09	3,764,653,465.29

	2017	2016
Operating cost	3,254,415,439.04	2,773,164,164.38

Operating revenue is as follows:

	2017	2016
Revenue from service in relation to coal and relevant products	4,747,989,441.89	3,238,418,383.73
Revenue from service in relation to metal ore and relevant products	118,713,266.08	109,994,566.84
Revenue from service in relation to and other cargoes	164,174,272.73	174,937,124.20
Revenue from service in relation to liquefied cargoes	66,975,920.37	65,560,843.64
Revenue from others	210,311,565.02	175,742,546.88
	5,308,164,466.09	3,764,653,465.29

XIV. Notes to Key Items of the Company's Financial Statements (continued)

5. Investment Income

	2017	2016
Dividend income on holding available-for-sale financial assets	–	2,400,000.00
Income from long-term equity investments under cost method	2,520,000.00	2,520,000.00
Income from long-term equity investments under equity method	103,241,686.79	119,765,693.74
Including: Investment income from associates	145,337,338.71	129,846,287.75
Investment income from joint ventures	(42,095,651.92)	(10,080,594.01)
	105,761,686.79	124,685,693.74

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1. Schedule of Extraordinary Profit and Loss

	2017
Losses on disposal of non-current assets	(3,473,131.35)
Government grants credited to profit or loss for the current period (except for those closely associated with the normal operations of the Company which were accounted for in certain standard amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the state)	66,320,069.71
Profit or loss arising from a contingency not associated with the normal operations of the Company	(33,860,000.00)
Gain on entrusted investment or asset management	4,649,180.39
Gain on disposal of investments in a subsidiary	8,366,280.02
Gain on disposal of available-for-sale financial assets	367,153.00
Donation expenses	(452,000.00)
Non-operating income and expenses other than the above item	1,692,152.56
Sub-total	43,609,704.33
Less: Effect of income tax	12,909,026.08
Less: Effect of non-controlling interests (after tax)	1,223,184.20
Total	29,477,494.05

The Company recognizes non-recurring profit and loss according to Explanatory Announcement No.1 on Information Disclosure of Companies Offering Their Securities to the Public – Nonrecurring Profit and Loss (CSRC Announcement [2008] No. 43).

2. Return on Net Assets and Earning per Share

2017

	Return on Net Asset (%)	Earnings Per Share	
		Basic	Diluted
Net profit for the year attributable to ordinary shareholders of the Company	7.80%	0.18	0.18
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	7.56%	0.18	0.18

2016

	Return on Net Asset (%)	Earnings Per Share	
		Basic	Diluted
Net profit for the year attributable to ordinary shareholders of the Company	3.14%	0.07	0.07
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	2.27%	0.05	0.05